Austria	Sch. 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr 38	Japan	Y550	Singapore	S$ 4.10
Canada	C$2.00	Jordan	Fils 500	Spain	Pta 110
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 7.25	Lebanon	£L 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr 38	Switzerland	SFr 2.20
Finland	Fmk 6.00	Malaysia	Rm 4.25	Taiwan	NT 585
France	FFr 6.00	Mexico	Pes. 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 6.00	U.S.A.	$1.50
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,597 Friday April 12 1985 D 8523 B

Venice meeting: U.S. and Europe at loggerheads, Page 3

World news

Danish strikers return to work

Danish workers returned to their jobs after 18 days of strikes and demonstrations against the government-imposed statutory incomes policy.

Buses, trains and ferries operated full services, mail was delivered in central Copenhagen and striking rubbish collectors voted to resume work.

The Netherlands was hit by a new wave of industrial action. Thousands of commuters were delayed by train stoppages. Page 3

Summit 'unlikely'

U.S. Vice-President George Bush said he believed that a get-acquainted meeting between President Ronald Reagan and Soviet leader Mikhail Gorbachev was more likely than a full-scale summit. Page 5

Sudan mission

Sudan's new military ruler, General Abdul Rahman Swareddahab, sent an emissary to the south of the country to arrange talks with Colonel John Garang, chief of the Sudanese People's Liberation Army. Page 4

Lebanon warned

Israel's Defence Minister Yitzhak Rabin warned that life would be "hell" for the southern Lebanese if they allowed attacks from their territory against Israel after Israeli troops withdrew. Page 3

Israel frees 30

Israel freed 30 Lebanese detainees from jail. They had been moved with 1,000 other detainees from a prison camp in southern Lebanon to Israel.

Hassan Cabinet

King Hassan of Morocco named a 30-member Cabinet from centre-right majority members in parliament, retaining Prime Minister Mohamed Karim Lamrani and 19 ministers from his previous Government.

Refugees moved

About 23,000 Kampuchean refugees were moved deeper into Thailand from a temporary camp near the border as a precaution against Vietnamese artillery fire.

Peru poll threat

Sendero Luminoso, the Peruvian Maoist guerrilla group, has threatened to kill peasants in the Ayacucho area if they vote in Sunday's general election.

Union blockade

Australian transport unions announced a 24-hour road, rail, sea and air blockade of the northern state of Queensland for next Thursday in protest at the state's tough anti-union laws. Page 4

São Paulo strike

Metalworkers went on strike in São Paulo, Brazil's industrial centre, in demand for higher wages and a cut in working hours.

Abortion ruling

Spain's constitutional court has dropped a political bombshell by overruling a law which would have eased the country's ban on abortion. Page 2

Sri Lanka battle

Twenty separatist guerrillas and four policemen were killed when a police station was attacked at Jaffna, in Sri Lanka's Northern Province.

U.S. drugs haul

Six men were charged with drug offences after the U.S. Coast Guard found a boat in San Francisco Bay loaded with 30 tonnes of marijuana worth $100m.

Crush hour

Cartier, the French jewellers, ran a bulldozer over 5,000 fake Cartier watches which it said had Swiss mechanisms.

Business summary

IBM hit by strong dollar in quarter

IBM, the world's largest computer manufacturing group, reported an 18 per cent fall in net income in the first quarter to $986m. The decline primarily reflected the impact of the strong U.S. dollar. Page 18

WALL STREET: *At 3pm the Dow Jones Industrial average was up 2.43 at 1,262.37.*

STERLING was firm in London, rising to $1.248 ($1.216), DM 3.8375 (DM 3.8025), SwFr 3.245 (SwFr 3.22), FFr 11.725 (FFr 11.58) and Y314.5 (*Y309.0*). *The pound's exchange rate index rose to 78.2 from 77.3* Page 41

DOLLAR was weaker in London, closing at DM 3.0765 (DM 3.1345), SwFr 2.599 (SwFr 2.6485), FFr 9.395 (FFr 9.56) and Y251.9 (Y254.3). On *Bank of England figures the dollar's exchange rate index fell from 147.4 to 146.0.* Page 41

GOLD rose $3 an ounce on the London bullion market to finish at $331.25. It also improved in Zurich to close at $330.75. Page 40

LONDON equities were hit by the soaring pound although gilts were strong. The FT Ordinary index closed 2.9 down at 957.4. Section III

TOKYO shares drifted lower although biotechnology-related food issues featured. The Nikkei Dow average was 28.13 off at 12,573.80. Section III

U.S. SECRETARY of State George Shultz called for a programme of international economic co-operation to protect the current economic recovery. Page 5

MEXICO is close to securing a trade treaty with the U.S. requiring application of the "injury test" to Mexican goods. Proof of damage to U.S. domestic producers would be needed before countervailing duties were applied. Page 6

MOBILIA, owned by the Stockholm-based Lindholm family, has acquired a 12.8 per cent shareholding in Esselte, the Swedish office supplies and publishing group, in *deals worth more than SKr 400m* ($44m). Page 28

PHILIPPINE Monetary Board has placed the Government bank, Philippine Veterans' Bank, under receivership after a routine audit showed it had become insolvent. Page 21

SHELL AUSTRALIA and **BHP** tightened their grip on Woodside Petroleum, buying 15m Woodside shares, or 3 per cent of its capital, to take their combined stake to 45.6 per cent. Page 21

ASBESTOS claims against Manville, the U.S. building products group operating under Chapter 11 bankruptcy regulations, could exceed $50bn. Page 19

SULZER BROTHERS, the Swiss engineering concern, will pass a dividend again for 1984, after losses of SwFr 18m ($6.8m) last year and SwFr 102m in 1983. Page 20

MASSEY-FERGUSON, the Canadian farm machinery manufacturer, is close to disposing of its loss-making plant in Aprilia, Italy, as part of moves to reduce exposure to its troubled farm equipment market. Page 19

CROWN ZELLERBACH posted a sale price of $60 a share for the group after rejecting Sir James Goldsmith's $42.50 a share bid and announcing further takeover defence moves. Page 19

DOME PETROLEUM, troubled Canadian energy producer, is to proceed with a long delayed share offering to raising about C$100m (U.S.$73m). Page 19

INTERNATIONAL Thomson Organisation, publishing, travel and energy group, lifted 1984 net earnings to £98.5m ($123m) after extraordinary items from £72m in 1983. Page 20

VOLKSWAGEN, West German car maker, is to pay a dividend for the first time in three years after a return to profit last year. Page 19

Concern over U.S. economy as retail sales slide

BY STEWART FLEMING IN WASHINGTON AND PAUL TAYLOR IN NEW YORK

RENEWED SIGNS of weaker U.S. growth yesterday intensified concerns about the ability of the U.S. economy to sustain world economic recovery.

The dollar slumped on foreign exchanges when the Commerce Department released figures on retail sales activity, which showed that retail sales in March slumped an unexpected 1.9 per cent, the biggest monthly fall since January 1978.

The decline found an *immediate* response in the U.S. financial markets, where short-term interest rates fell, bond prices soared and the dollar dropped sharply.

A single month's retail sales data would not normally spark such *nervous reactions*, because *the statisti*cal series tends to be significantly revised later. However yesterday figures came after a sharp warning earlier this week from Mr Paul Volcker, Federal Reserve Board chairman, about the danger that economic growth in the U.S. could begin to fade later this year.

Moreover, shortly after the announcement, Mr Robert Ortner, chief economist of the Commerce Department, warned that the U.S. economy might not meet the Reagan Administration's forecast of 4 per cent growth this year. "It is possible that we could fall slightly short of that," Mr Ortner said, based on early estimates of first-quarter growth in gross national product and indications of conditions elsewhere in the economy.

Mr Volcker's comments, *incoming* economic data and last month's "flash" first quarter GNP projection from the Commerce Department pointing towards only a 2.1 per cent real annual rate of increase, have begun to spur some Wall Street *economists to take a gloomier view*

According to Mr William Griggs, of Griggs and Santow in New York, the retail sales figure suggests that the flash GNP projection may be closer to the first-quarter outcome than many private economists originally thought.

Mr James Fralick, an economist with Morgan Stanley in New York, said the firm is projecting virtually no growth in the current quarter and sluggish growth for the rest of the year with perhaps a decline in real GNP in the fourth quarter.

This is one of the more pessimistic economic outlooks on Wall Street, but there is a growing awareness of the uncertainties that lie ahead, particularly the difficulty of estimating the extent of the drag on the economy which is being exercised by the wholesale diversion of domestic demand overseas

Mr Volcker's warning earlier this week about the risks to the economy at a time when agriculture, mining and the manufacturing sector are in the doldrums, partly because of the strong dollar and the growth in imports, has made a deep impact. The fact that the U.S. car industry, one of the sectors which has been underpinning domestic growth, could face a 500,000 surge in Japanese imports this year is increasing *concerns.*

Alongside growing import penetration and weakness in a growing range of specific sectors, economists point to slowing durable goods orders, signs of inventory liquidation and less robust growth in consumer incomes at a time when consumer debt burdens are substantial, as potential negative forces for the economy. But there is no unanimity about how big an impact these factors will have, with most economists still anticipating a modest 3 per cent real growth for the year.

Should growth be significantly worse than that, however, the negative implications for the Federal budget deficit, for employment and protectionist trends in the U.S., for

Lex; U.S. and Europe at odds, Page 18

Continued on Page 18

Dollar in sharp decline

BY PHILIP STEPHENS IN LONDON AND PAUL TAYLOR IN NEW YORK

THE DOLLAR fell sharply yesterday, hitting its lowest level this year as news of a fall in U.S. retail sales *last* month strengthened sentiment on foreign exchange markets that the pace of U.S. economic growth has slowed significantly.

The fall triggered strong gains for sterling against both the dollar and European currencies, and rekindled optimism on the *outlook for British* interest rates.

By lunch-time in New York, the U.S. currency had fallen to DM 3.07 in heavy trading after closing in London at DM 3.0765, 5.8 pfgs lower than on Wednesday. Sterling, which *gained 3.2 cents in London to close* at $1.2480, was trading at around $1.25 in New York.

The dollar also fell sharply against other leading currencies in early New York trading. At lunchtime it was quoted at FFr 9.385, *SwFr 2.5927* and Y251.67. It was further depressed by a decline in U.S. short-term interest rates which saw the yield on three-month Treasury bills drop by 10 basis points to 8.00 per cent, compared with about 8.20 per cent a week ago.

In the bond markets, the key long bond price was boosted by 1½ points to 99 by lunch time.

There was a widespread expectation last night that Barclays Bank and Midland bank will soon cut their base rates by ¼ percentage point to *align them with the* 13 per cent charged by other large banks. Many were forecasting a move today.

There was also some speculation that if the pound continues to rise against European currencies over *the coming weeks, the general level* of borrowing costs could drop further, although the British Government is known to be cautious about further reductions.

The dollar, which has been falling steadily since late last month, was hit by a *widespread selling* after the announcement of the unexpectedly large drop of 1.9 per cent in March retail sales.

Dealers said the news reinforced the bearish sentiment on U.S. economic growth caused by comments *earlier this week by Mr Paul Volcker*, U.S. Federal Reserve Board chairman.

The *sterling index*, which measures the pound's value against all leading currencies, rose by 0.9 points to 78.2.

There were differing views in London last night as to the prospect for any cut in base rates below 13 per cent.

The strong growth in the UK money supply last month suggests that the authorities would be reluctant to see rates fall significantly; they would anyway want to be sure that the present trend in the currency markets is sustained for weeks rather days

Against that, there was a view that if the pound appreciated rapidly the Treasury might not want to resist a small cut to perhaps 12½ per cent.

Lex, Page 18

UK may seek £200m cuts in Austin Rover investment plan

FINANCIAL TIMES REPORTER

THE BRITISH Government is thought to be seeking savings of more than £200m ($250m) in the investment programme of Austin Rover, BL's volume cars subsidiary. The programme is thought to involve more than £1.5bn over the five years of BL's corporate plan.

The Department of Trade and Industry, which still has to approve the BL five-year corporate plan submitted last December, is vetting the targets of the company closely. The *move* reflects disappointment at Austin Rover's poor profits and sales performance.

The Government, intent on privatisation, insists that Austin Rover must stand on its own feet. To that end, there is concern that investment should be realistic and in line with likely sales and profits achievement.

The vigorous debate within Austin Rover and with the Department of Trade about how more than £200m can be cut from the budget, is coming to a head just as Honda of Japan is formally establishing its UK base for the expected attack on the EEC car market.

The French RPR opposition party said it would denationalise Renault, the state-owned car group, if it returned to power. M Michel Noir, the party's spokesman, said that there was no valid reason for the state to continue making cars. Page 3

Mr Tadashi Kume, Honda president, will today perform the ground breaking ceremony at the company's 330-acre site at Swindon, Wiltshire. Officially, Swindon is an inspection plant for the new executive car, the XX, to be made in collaboration with Austin Rover.

In practice, Honda is expected to establish engine production facilities with a longer-term view to assembling cars.

Austin Rover, seeking a new engine for the Metro replacement due within a few years, has the easy option of taking a Honda engine "off the shelf" rather than incurring development and production costs approaching £150m.

Honda's 1.3 litre engine, complete with gearbox fitted in the present UK-assembled Rover 213, could form the basis of a capital savings package for Austin Rover.

Against that, Mr Harold Musgrove, Austin Rover's chairman, has pledged to retain the independence of the UK car industry, including the ability to develop engines.

The alternative to an engine deal with Honda, however, would seem to involve possible delays in Austin Rover's ambitious product development programme. There are those who would argue that momentum should not be lost and that it would be foolish to opt for mere facelifts

The Department of Trade seems anxious to establish with Austin Rover that the UK business is on a sound basis before considering longer-term collaboration deals

EEC set to attack U.S. trade policy

BY PETER BRUCE IN BONN

WSHINGTON'S chief trading partners in Europe appear to be preparing for a combined show of force during the World Economic Summit being held in Bonn at the beginning of May. They are determined to make their fears about the strong dollar and U.S. trade policy clear to President Ronald Reagan.

Herr Martin Bangemann, West German Economics Minister, said yesterday that Bonn had reached a common position for the summit with its immediate EEC partners.

"It is important for us that the *effects of American trade and budget* policy be judged for what they are," he said. "You cannot, as the leading industrial and political power in the world, make policy without considering how these (fiscal) policies affect international trade and curren*cy relations.*"

Despite recent falls in the value of the dollar, Bonn, along with a number of its EEC partners, is still concerned at outflows of European capital to the U.S. and at the constant cries for government protec*tion from U.S. manufacturers in the* face of competitive imports.

Herr Bangemann said, however, that President Reagan's attempts to reduce Washington's budget deficit and its heavy borrowing, if passed by Congress, would prove to be a "significant step" that would "certainly lead to a reduction to a rea*sonable level of the overvalued dollar.*"

He scorned the view of some leading U.S. politicians and businessmen, repeated by Mr Malcolm Baldrige, the U.S. Commerce Secretary, this week, that Europe's economic problems lie not so much with the high dollar but in a general lack of competitiveness and entrepreneurial courage.

"This argument is somewhat amusing. To say that we are not working in Europe or that we are simply worse than our competitors (is best tested) by the size of the U.S. trade deficit (currently at an all-time high).

"If we were asleep or manufacturing completely outdated products then we would not be able to sell so many to the Americans. In fact, the *Americans are having to take all* possible precautions not to be overwhelmed by this competition.

"I want to emphasise that this is not just competition based on the strength of the dollar; rather, it is being backed up to a large degree by real competitiveness. Just take steel: the American steel industry is simply not competitive with Europe's."

Herr Bangemann said the same points would be made to the Americans during the May summit here. Months of preparation had gone into the meeting, which he expected to produce concrete results

Union Carbide to close Bhopal plant

BY LISA WOOD IN LONDON AND R. C. MURTHY IN BOMBAY

THE INDIAN subsidiary of Union *Carbide yesterday announced* the closure of its Bhopal plant where a gas leak last December killed 2,500 people.

Union Carbide Corporation also disclosed that it was pushing ahead with plans to build a £6m ($7.4m) gas mixing plant in Scotland where a previous planning application was rejected in February.

The 90-day closure notice for the Bhopal plant, of which Union Carbide is the majority shareholder, follows the refusal of the Government of Madhya Pradesh, the capital of which is Bhopal, to reopen the plant.

Mr F. Mitra, regional personnel manager of Union Carbide (India), said the company had tried to negotiate with the authorities the possibility of making products which did not use methyl isocyanate gas (MIC), the leak of which was responsible for the *deaths*. "It *was* made abundantly clear that permission to restart the factory would not be given," he said.

The factory's licence expired on December 31 last year and had not been renewed, he said. The 632 peo*ple working* there had been given notice. The company had been paying full wages to employees at the plant since suspension of operations on December 3.

Mr Nathan Zutty, chairman of Union Carbide Europe, speaking in *London yesterday*, said his company was confident of a negotiated settlement with the Indian Government covering all the victims of the *disaster* at Bhopal.

Asked whether the size of the compensation offer was the stick-

Continued on Page 18

Albanian leader dies after 40 years of rule

By Leslie Colitt in Berlin

MR ENVER HOXHA, the fiercely independent Communist leader of Albania for the past 40 years, died yesterday aged 76. He transformed the tiny feudal Balkan country into an agrarian-industrial nation, while repeatedly condemning Moscow and Peking, his former allies, as "revisionists."

Seven days of mourning were proclaimed and a funeral service will be held on Monday in Tirana's Skanderbeg Square.

Mr Ramiz Alia, Mr Hoxha's long-time aide was appointed to head the funeral Commission, an indication that he will be named as the First Secretary of the Albanian Workers' Party. Mr Alia, aged 59, became chairman of the People's Assembly – in effect the head of state – in 1982 *after Mr Mehmet Shehu*, the previous chairman, committed suicide. Mr Hoxha explained afterwards that Mr Shehu had turned out to be a "multiple agent" of the U.S., the Soviet Union, Yugoslavia and Britain.

Mr Hoxha, born into a devout middle-class moslem family, closed all the country's mosques and churches in 1967 and turned them into warehouses. He noted that the "only religion an Albanian needs is Albania."

Amnesty International recently charged that thousands of Albanians were serving as political prisoners because of anti-state remarks, religious practices and attempted escape.

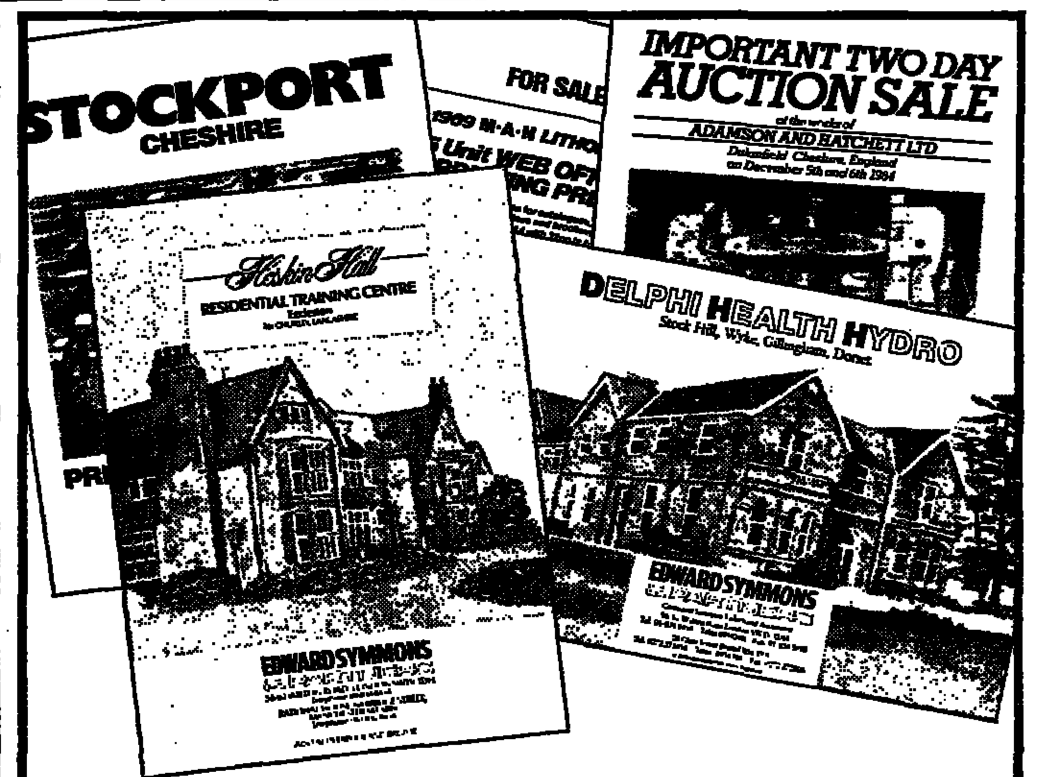
Mr Hoxha's austere brand of socialism was different from any other in Eastern Europe. Private cars were banned and travel, even to neighbouring Yugoslavia, was prohibited.

A fervent ally of the late Joseph Stalin, Mr Hoxha subsequently compared all other Communist leaders unfavourably with the Soviet dictator. Appalled by Nikita Khrushchev's "revisionism," he turned for help to China in the 1960s. However, relations with Peking began to sour in the early 1970s in the face of warming U.S. ties.

Mr Mikhail Gorbachev, the Soviet leader, recently expressed Moscow's wish to improve relations with Albania, but the reaction from Tirana has been decidedly negative. There is little reason to expect that the new Albanian leader will *change this policy.*

Albania's relations with the West, which have improved in recent years, can be expected to warm further. Albania wants to increase its trade with the West while holding all liberalising influences at a safe distance.

Hoxha: an enigmatic leader, Page 2



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CONTENTS

Spanish court overrules abortion law

BY DAVID WHITE IN MADRID

SPAIN'S constitutional court last night exploded a political bombshell by overruling a law that would have eased the country's strict ban on abortion.

The long-awaited court ruling marks a serious upset for Sr Felipe Gonzàlez's Socialist government and the first frontal collision between the parliamentary majority and the 12-member tribunal.

The Government, which promised in its election programme to liberalise the abortion law, is expected to defy the court decision by granting amnesties in the cases provided for under the overruled law.

The proposed liberalisation came in a penal code reform passed by Congress in October, 1983. It removed penalties in three specific cases: women who became pregnant after being raped; those whose lives were deemed to be in danger; and malformed foetuses.

The new provisions, which were subsequently also passed by the Senate, have never been enforced, however. As a result of an appeal lodged with the constitutional court by members of the Popular Alliance right-wing opposition party in December, 1983, it could not be promulgated until the court presented a verdict.

In the intervening 18 months, abortion has continued to be a criminal offence under any circumstances in Spain, one of the last European countries where it remains illegal.

The court rejected the law in its entirety on the ground cited in the appeal: that it infringed an article in the constitution guaranteeing the right to life.

That article, Number 15, comes under the section of "fundamental rights and public liberties" in *Spain's democratic constitution of* 1978. Originally designed to rule out the use of capital punishment, it stipulates that "all have the right to life and to physical and moral integrity."

A subsequent article in the same section abolishes the status of Roman Catholicism as a state religion in Spain.

Howe airs civil rights issues in Prague

By David Buchan in Prague

SIR GEOFFREY HOWE, the *UK Foreign Secretary, yesterday* raised with Mr Gustav Husak, the Czechoslovak President, complaints about discrimination that had been expressed openly to him by the country's Catholic Primate, and clandestinely to senior Foreign Office officials by human rights activists.

This week Sir Geoffrey has put his campaign to stress human rights inside the Eastern bloc into higher gear. At a Prague news conference, he said that, while Britain and Czechoslovakia could not fundamentally change each other's system, the Helsinki accords were "*undermined so long* as elementary freedoms, such as that of travel and of expression, are not adequately respected in Eastern Europe."

The night before, Mr Derek Thomas, Deputy Under-secretary, and Mr John Birch, head of the Foreign Office's East Europe Department, had sidestepped an evening of wine and song laid on for the British delegation in a Prague cellar, to visit five dissidents.

The human rights activists, who Sir Geoffrey said were signatories of the banned Charter 77 movement, and included one member of the Association of the Unjustly Oppressed were *told of British* support for the freedoms they claimed.

Worthwhile risks

They were reported to have replied that "their suffering was bearable and the risks they took worthwhile if they knew they were being heard outside their country."

Meanwhile, back at the "Seven Angels," Sir Geoffrey was leading the singing of "Good King Wenceslaus," the Communist country's royal patron saint, and a few Welsh tunes, and joining in other ditties chosen by his Czech hosts led by Mr Bohuslav Chnoupek, the Foreign Minister.

Early yesterday Sir Geoffrey paid a call on Cardinal Frantisek Tomasek, Czechoslovakia's increasingly outspoken 85-year-old Catholic leader. "Clearly the cardinal regarded the visit as important, and so did I," Sir Geoffrey said later.

He listed the cardinal's complaints about the state refusal to approve episcopal appointments, to allow more training of priests in seminaries, to permit priests to work outside churches, and to let church publications circulate freely.

At a religious rally this week, Cardinal Tomasek read out a message from Pope John Paul celebrating the 1,100th anniversary of the death of St Methodius. The cardinal has invited the Pope to Czechoslovakia later this year but says the authorities claim "the time is not ripe."

At the rally, the crowd chanted "Let the Pope come and see us," in another sign that the religious revival is spreading beyond Poland to other parts of Eastern Europe.

Hoxha: an enigmatic leader with strong sense of Albania's past

BY LESLIE COLITT IN BERLIN

Enver Hoxha

"THE ALBANIAN people have hacked their way through history, sword in hand," Mr Enver Moxha once noted. The tenacious communist leader of 2.7m Albanians since 1944 died yesterday in Tirana.

The remark did much to explain why he was able with impunity to brand the superpowers and China as "imperialists," while denouncing the neighbouring Yugoslavs as "anti-Communist renegades." In *his eyes, Joseph* Stalin was the last great post-war leader, and statues of the Soviet dictator are strewn throughout Albania, often on squares named after him.

The fierce independence and *nationalism of Albanians* merged with Mr Hoxha's fire-and-brimstone Communism to create one of the most colourful, if enigmatic, leaders in Europe. His ancestral heritage had a powerful influence on *Albanian foreign policy.*

The forerunners of the present-day Albanians, the Illyrians, struggled against the Romans for two and a half centuries and endured successive barbarian invasions. Rule by *Ottoman Turkey for nearly* 500 years, during which the Albanians rose up with clockwork regularity, failed to affect the ethnic composition of the nation.

Albanian partisans met *40,000 invading Italian troops* in 1939 with fire and sword, although their country had become an Italian client state under the dictatorship of King Zog. As in Yugoslavia, conditions were ripe for the creation of an independent Communist Party under Comrade Enver Hoxha, who led the partisans in the rugged Albanian mountains.

Before 1945 Albania was probably the poorest and most backward country in Europe. It has since been transformed into an agro-industrial state in which industry contributes 60 per cent of national income. However, it is also a country without private cars. There is no taxation, but foreign travel is banned, along with religion.

In the view of the post-war leadership—ie, Mr Hoxha—the enemies of his enemies were his friends. That meant that Albania *turned to China after* its open break with Nikita Khrushkev in 1960, following the late Soviet leader's condemnation of Stalin's excesses.

In his memoirs, Mr Hoxha recalled that Stalin was "kindly and considerate" and that Khrushchez was a "blackmailer," who wanted to turn *Albania into a "fruit-growing* colony."

The Albanian leader, in fact, broke with President Tito of Yugoslavia in 1948 in order to side with Stalin.

Aid from China arrived to complete several Albanian industrial projects, but Mr Hoxha later accused Peking of failing to provide the economic assistance it had promised. When relations between China and the U.S. were established, ties between Tirana and Peking began to wither. Constantly accused by Albania of "social imperialism," Peking stopped its aid in 1978.

Albania's relationship with neighbouring Yugoslavia, always strained by the presence of a vocal Albanian minority in that country, remains economically pragmatic, as Mr Hoxha was careful not to let nationalist emotions get in the way of trade. This year trade between the two is to amount to $121m, an 8 per cent increase on 1984. A railway link between the two countries is virtually completed and border-crossings have been opened *for technicians working* on hydro-electric and waterway projects in the frontier area.

Mr Mikhail Gorbachev, the *Soviet leader, last year appealed* to Albania to let bygones be bygones and join in the struggle for peace and socialism. But Tirana's reply was to snap back at the Soviet Union for allegedly holding East Germany in feudal bondage.

Mr Hoxha's heir-apparent, 59-year-old Mr Ramiz Alia, is unlikely to change the country's highly individualistic political course.

Long and ideological secretary of the central committee, Mr Alia was a devoted disciple of Mr Hoxha and was appointed the nominal head of state in 1982, after *the sudden death* of the then-Prime Minister, Mr *Mehmet* Shehu. Mr Shehu was subsequently denounced by Mr Hoxha as a Soviet, Chinese and Western agent.

Mr Hoxha's successor can be expected to continue the gradual improvement in relations with Western countries, which began in the latter years of Mr Hoxha's rule. Talks were held with Italy and Greece to improve trade and transport ties, while trade with West Germany has flourished.

Even diplomatic links with West Germany and Britain are conceivable if the new Albanian leader decides that economic advantages take precedence over the wartime financial *claims Albania previously made* on both countries.

Opportunity for China overture

THE DEATH of Mr Enver Hoxha presents China with an opportunity to renew its once substantial influence in Albania, though, having been once bitten, *Peking is likely to move* cautiously, writes Alain Cass. China's official news agency, like the Soviet newsagency Tass, reported Mr Hoxha's death without comment yesterday, reinforcing the view that Peking will want to wait and see what kind of leadership emerges in Tirana before it makes a move.

Once China's closest ally, Albania accused Peking of "taking the capitalist road" after *the death of Chairman* Mao Tse-tung in 1976. Deng Xiaoping, China's top leader, was reviled as a "filthy fascist" by Mr Hoxha.

Peking, incensed at this treatment, broke off economic relations in July 1978, having noted that Chinese aid to Albania since 1954 had amounted to $5bn.

Recently, however, there have been signs that Albania has been anxious to cash in on China's successful new economic policies. For its part, Peking has always nurtured the idea of an ideological outpost on the Soviet Union's doorstep.

The first, renewed contacts took place in 1983 when an *economic delegation* from Peking arrived unannounced in Tirana. The completion of 23 large, unfinished industrial development projects were discussed. Two trade agreements were signed.

In the past six months Albanian attacks on China's "capitalist" economy have softened perceptibly, suggesting an increasing need for Chinese spare parts and military equipment.

The Soviet Union's recent calls for better ties with Albania have been firmly rebuffed.

Last September, Mr Mikhail Gorbachev, now Soviet leader mentioned Moscow's desire to "normalise" relations with Albania. "*With mutual good*will it would be possible to solve this question in the interests of the peoples of the two states and of the cause of peace and socialism," he said.

An article last November in the Soviet magazine New Times recalled Soviet economic assistance to Albania in the early post-war years before Tirana broke with Moscow in 1961. Albania still refers to the Soviet Union as a "revisionist and social-imperialist" power.

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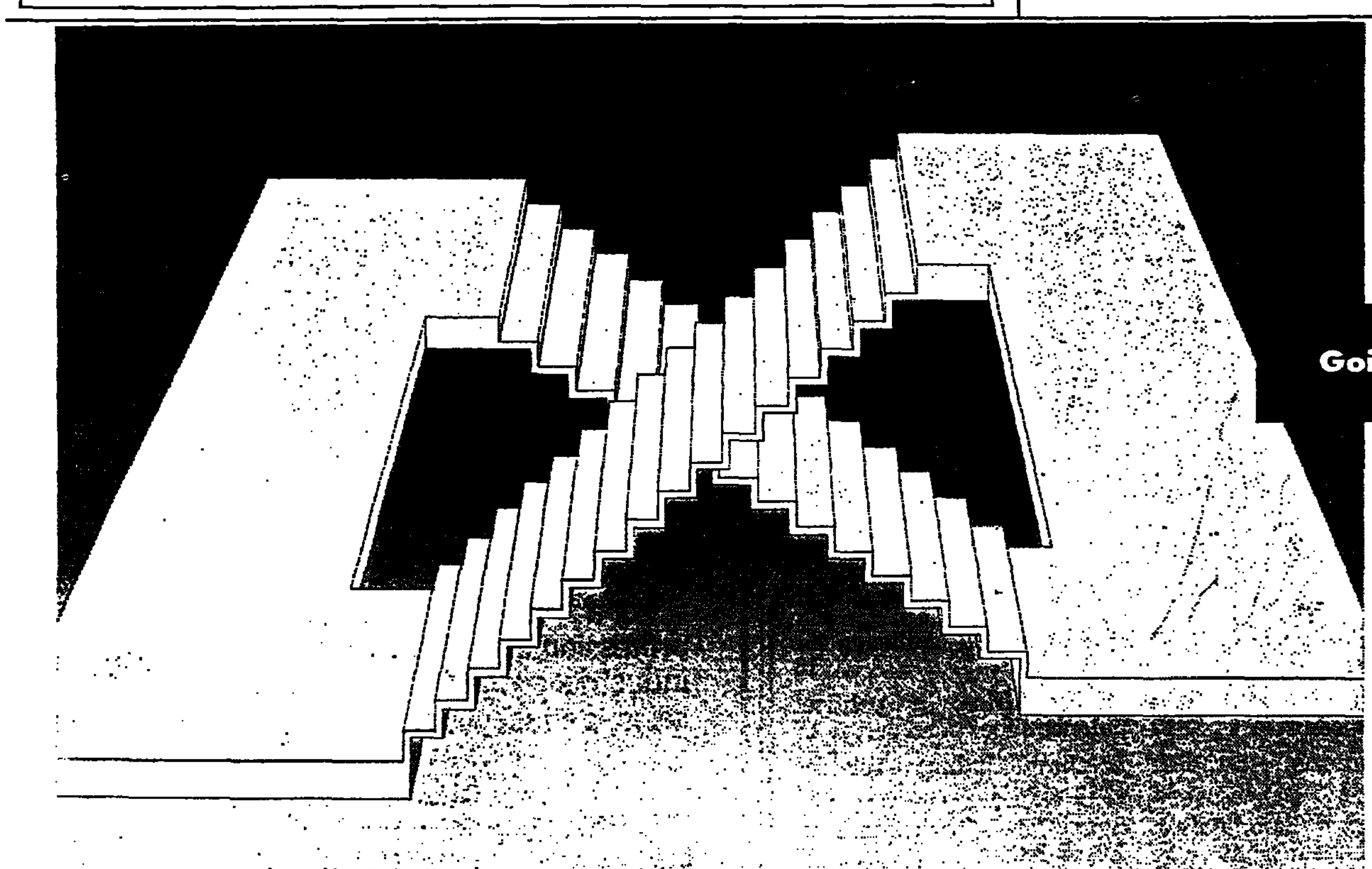

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Dutch labour unrest threatens strikes across the country

BY LAURA RAUN IN AMSTERDAM

A FRESH *wave of industrial* action swept across the Netherlands yesterday, with thousands of morning commuters in and out of Amsterdam delayed for hours by *disgruntled rail* employees.

Labour unrest is threatening *to escalate into full-scale* strikes in various industries next week, with unions pressing demands for shorter working hours, inflation adjustments and supplementary sickness benefits.

Virtually all train traffic in Amsterdam was halted between 5 am *and* 8 am *when* nearly 50 rail workers refused to embark trains in protest at proposed operational changes.

In *the* metal industry, nearly 2,000 employees disrupted work at ten companies nationwide in preparation for official strikes due to begin next Monday. Workers have carried out scattered action in the 290,000-strong industry over *the past* week.

National labour negotiations have been continuing intermittently for some months, with the main stumbling block *being* union demands for a shortening of the working week to 36 hours *from the current 38. The other* principal demands are for a cost-of-living allowance, and for employers to compensate for a decline in government sickness benefits due from May 1.

The metal, broadcasting and transportation industries already *have been hit by disruptive* action in the past two weeks, although a five-day strike in *the* meat-processing sector was settled last weekend.

Negotiations in the insurance industry have broken down, however, and Dutch railways have yet to respond to union demands for more flexible hours and rest periods in addition to shorter working time. *Stoppages* are possible *from* April 24.

A one-day broadcasting strike *has been called in* protest at the Culture Minister's veto of a labour accord.

Opposition proposes to sell off Renault

By Paul Betts in Paris

THE NEO-GAULLIST RPR opposition party in *France* said yesterday that it would propose denationalising Renault, the troubled state-owned car group, if it returned to power.

Denationalisation is one of the main economic proposals which the right-wing opposition is putting forward as it prepares for the campaign for the 1986 parliamentary elections.

By selecting Renault as one of its first targets, the RPR is clearly *seeking* to put the spotlight on the most troubled area of nationalised industries *rather than in sectors* like chemicals or aluminium where the situation is improving.

M Michel Noir, the RPR's industrial spokesman, said yesterday that the party saw no valid reason for the state to continue making cars. "It is logical to give back this entire activity to the private sector."

He acknowledged, however, that denationalisation of Renault would pose problems—the group is expected to have lost FFr 10bn (£862m) or more last year.

Until recently, Renault has been a *symbol of the merits* of nationalised industry in France and a model for the nationalisations which *followed* the Left's coming to power in 1981.

The company was nationalised in 1945 by the provisional French government under General Charles de Gaulle. The nationalisation was a sanction *against* Louis Renault whose assets were confiscated the previous year after he was accused of collaborating with the Germans during the war.

M Noir's latest proposals are part of his guerrilla war with Mme Edith Cresson, the *Socialist Industry* and Trade Minister. She was boasting recently of the success of restructuring *in* the *industrial* sector where groups like Pechiney and Rhone Poulenc have returned to profit.

Denmark back to normal

BY HILARY BARNES IN COPENHAGEN

DENMARK was almost back to normal yesterday after *two weeks of strikes* and demonstrations against the statutory incomes policy imposed by the Government.

Most industrial employees were at work, according to the employers' association. Only about 10,000, or 3 per cent of *its workers failed* to return.

Rubbish collection and postal deliveries resumed in Copenhagen for the first time for a fortnight. But the docks at Copenhagen *and* Aarhus, Jutland, were still at a standstill. Several newspapers also failed to appear, and there were continued stoppages by teachers in nursery and secondary schools.

The strikes and demonstrations over the past two weeks have been unusually widespread for Denmark, which has a record of labour peace.

The incomes policy has not only imposed very low limits on wage increases—2 per cent *this year* and 1.5 *per cent* next—but it has also effectively prevented the public sector unions from negotiating with their respective employers.

● A pay deal for Norway's 500,000 public sector employees, concluded early yesterday, has *completed one of the smoothest* and least inflationary rounds of spring wage bargaining the country has seen *since the* war, writes Fay Gjester in Oslo.

It gives civil servants a 4.5 per cent increase from May 1.

Swiss bid to restrict immigration

BY JOHN WICKS IN ZURICH

NATIONALE AKTION, the Swiss right-wing nationalist party, has collected enough signatures for another *referendum on restricting* immigration.

It does not want the number of new residence permits to exceed that of resident foreigners leaving the country. Any new total would include both foreigners entering Switzerland as *residents for* the first time and the conversion of limited-duration permits to "permanent" ones.

At the same time, Nationale Aktion wants ceilings of 100,000 *on the total number of seasonal* workers employed each year and a maximum of 90,000 for people living abroad but crossing the border to work. Last August, the latest date for which exact figures are available, there were just over *100,000* seasonal *workers* in Switzerland, and more than 106,000 border-crossing employees.

The party claims that the Government has not kept to its undertaking of stabilising the foreign population. There are nearly 1m aliens living in the country, compared with a total population of around 6.4m.

There have been five referendum campaigns in Switzerland in the *past year*, all of which have been defeated.

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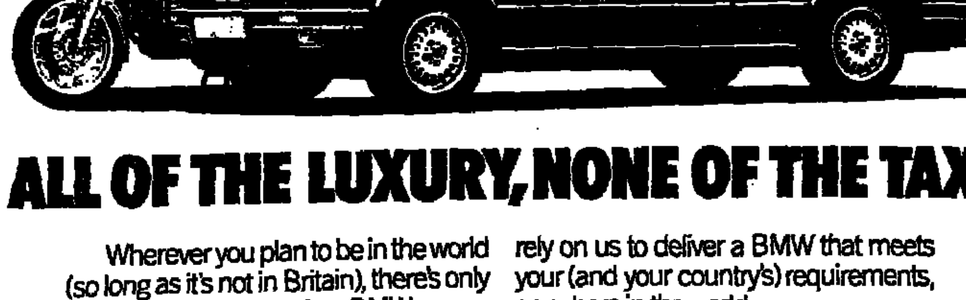

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Alan Friedman looks at the Venice summit on unemployment

U.S. and Europe at loggerheads

IT WAS rather fitting that the world's highest-level ministerial conference devoted exclusively to the issues of unemployment and *the application of technology* was held this week in the peaceful splendour of Palladio's 16th-century cloisters on the Island of San Giorgio, across the lagoon from Piazza San Marco in Venice.

Fitting because the assembled dignitaries, including *Mr Malcolm* Baldrige, the U.S. Commerce Secretary, Italian Prime Minister Bettino Craxi and M Jacques Delors, President of the European Commission, all took part in a debate and discussion which at times seemed coloured by a *religious fervour*.

The 24-nation unemployment summit, inspired by a proposal made by Sig Craxi at last June's London economic summit, was a *significant event (rather than a* mere talking shop) because it laid bare in an unusually direct way the fundamental differences of approach between Europe and the U.S.

There could hardly have been a starker contrast than that between the blistering attack on restrictive European industrial policies delivered on Wednesday by *Mr Baldrige* and the well tempered defence of European human and social values presented yesterday by M Delors.

Mr Baldrige, in red-white-and-blue Reaganite language, attacked *Europe's "lagging fears that policies* stimulating new technologies will hurt job creation." He ripped into European "wage systems that have kept growing regardless of economic realities." He likened to "less developed countries" Europe's attitude of restricting foreign investment in services in order to protect existing companies. He criticised "powerful barriers to reducing, or even moving, the workforce" and he *took aim* at European policies *that* inhibited the growth of venture capital. He lambasted "an amazing number of regulations" which made service industries in Europe the *most* restricted of all and he urged Europe to emulate the U.S. in adapting technology for new job creation.

Proclaiming that since 1982 the U.S. had created 7.2m new jobs as a result of investment in technology (today about 40 per cent of U.S. real capital equipment expenditures are in information technologies equipment), Mr Baldrige abandoned diplomatic language.

While the U.S. had prospered in recent years, in Europe *Mr Baldrige* declared that since 1975, "no new jobs have been created. None. All of the increased production since 1975 has come from more output per worker."

Mr Baldrige: 'Too *many regulations*'

An example of the Baldrige line was this comment on permitting new restaurants to open: "An entrepreneur cannot open a restaurant until he has been a chef for so many years and so forth. In the United States all he has to do is comply with health regulations and let the public judge whether his food and service are good. No wonder services employment has grown more slowly in Europe."

The Baldrige speech left European ministers gasping. The French according to one diplomat, almost walked out. Others described the U.S. delegation as arrogant, condescending or patronising. But Mr Tom King, the *UK Employment* Secretary, said he agreed with Mr Baldrige's criticism.

Yesterday, when it was the turn of the French and West Germans and of M Delors to deliver *their* speeches, the result was an almost Sartre-like discourse on the importance of the individual in society.

M Delors indicated that while many of the U.S. criticisms were apt, it was not possible to transpose the American model.

He and other Europeans appeared to accept that the U.S. spirit of enterprise, of *starting* up new businesses (600,000 in the U.S. last year) and of devoting funds to research and technology were all valid. But he also spoke of "too many unfounded criticisms *levelled* at the European economic model" and concluded that in the short term the European mixed-economy approach could not be dispensed with.

The fact is that while many Europeans attending the Venice summit may well have accepted the U.S. critique, they felt impelled publicly to *distance themselves. As one* delegate put it: "When the Americans speak, it is with one voice and with great certainty. We Europeans cannot afford to be as direct, and I guess we are weaker, less organised, and more constrained by *institutions*."

The Europeans obviously disliked being lectured by Mr Baldrige but again they had to agree privately that on issues, such as the flexibility *and mobility of labour* markets or the cost of labour, the U.S. was far ahead.

On technology, European ministers were also less certain and less convinced than their headstrong U.S. counterparts. The French, in particular, emphasised the need for social consensus, the importance of trade unions and of giving new technology (and its implications) a "human face."

In the end, while Mr Baldrige accused Europe of fearing the impact of new technology, M Delors reflect*ed the European dilemma by ask*ing rhetorically whether the "third industrial revolution" would create or destroy jobs. His answer was that it is "difficult to be certain."

The *distance across* the Atlantic could not have seemed greater.

Athens puts off decision on buying Hellenic Shipyards

BY ANDRIANA IERODIACONOU IN ATHENS

THE DEADLINE extension for suspending operations at Hellenic Shipyards, the ailing yard belonging to *Greek* shipowner Stavros Niarchos, expired *yesterday. The Socialist Govern*ment has postponed until after the orthodox Easter weekend *its decision on whether to* accept the management's offer to turn over the company to the *state for $14m.*

According to the Economy *Ministry, the takeover negotia*tions, which have been taking place under a mantle of secrecy *for the past week, will be con*tinued by the Hellenic Industrial Development Bank *(ETVA), one of Greece's lead*ing state banks.

Senior ETVA officials said *the negotiations will be led by* the bank's general director, who is abroad and will return to Athens next Wednesday.

Meanwhile, the Ministers of the Economy and Labour yesterday met representatives of the General Confederation of *Greek* Workers, Greece's Socialist trade union congress, and with representatives of the 4,800 workers at *Hellenic* Shipyards, one of Greece's biggest industrial employers, to discuss the fate of the yard.

The Government has come under intense pressure from Socialist and Communist trade unionists to nationalise Hellenic *Shipyards in order to preserve* jobs. Its problem is that it is already burdened with more than 30 *financially-troubled* industrial enterprises, whose management was taken over in the past 3½ years to keep unemployment down.

At the same time, the Socialists cannot afford to ignore union pressure just two *months before expected early* general elections in June.

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Rabin warns of 'hell' if Lebanon used for attacks on Galilee

BY DAVID LENNON IN TEL AVIV AND NORA BOUSTANY IN BEIRUT

AS ISRAELI troops pulled out of the southern Lebanese town of Nabitiyeh and six neighbouring Shi'ite villages yesterday Mr Yitzhak Rabin, Minister of Defence, warned that the life of the people of south Lebanon would be "hell" if they permitted their territory ot be used for attacks on nothern Gallilee.

In Nabitiyeh itself there was jubilation as residents who had fled the market town besieged by the Israelis for the past few weeks returned mid-morning. They waved the Lebanese national flag, danced and sang as they trampled on Hebrew signs left by the Israeli forces after an occupation lasting over 34 months. Departing Israeli soldiers were also obviously over-joyed to be leaving the area.

The area involved in the second phase of Israeli's withdrawal from land invaded nearly three years ago, decided upon in January and begun with the first pullback in February, is now thought to be 300 square kilometres in extent.

The operation appeared to be proceeding apace with the Israelis showing clear apprehension about the deep-rooted feelings of hostility among the mainly Shi'ite population and threatening dire retribution for any attacks on their territory when the final evacuation is completed, probably by the end of May.

The Israeli Army evacuated Nabiteyeh and six villages—Jbaa, Habboush, Ansar, Jibsheet, Houmine al Fawqua and Nabitiyeh al Fawqa—all of them centres of resistance against Israeli troops and scenes of bloody counter-raids.

There were around 70,000 Moslem Shi'ites normally living around Nabitiyeh, an area which has been largely deserted with power and water cut off for weeks. The Israeli Army still has to withdraw from the Bekaa Valley where it faces the Syrian army before the second phase withdrawal is complete.

As the Israeli troops departed, helicopters dropped leaflets warning the population that strong measures would be taken if guerrilla attacks continued.

● The release yesterday of 32 Lebanese prisoners held in Israel since the closure last week of a detention camp in southern Lebanon leaves 1,135 of the captives in Israeli army custody, the International Committee of the Red Cross said yesterday, AP reports from Geneva.

Sudanese leader sends envoy to rebel chief

BY OUR MIDDLE EAST STAFF

GEN Abdul-Rahman Swarreddahab, *Sudan's new military ruler*, has sent an embissary to the south of the country to arrange talks with Col John Garang, chief of the Sudanese People's Liberation Army, he revealed at a press conference in Khartoum yesterday.

Gen Swarreddahab dismissed as unreasonable Col Garang's demand on Tuesday for a return to civilian rule within seven days if the de facto ceasefire in the predominantly Christian three southern provinces was to be maintained by his forces.

"It is really impossible to convene a government in a week's time," he told foreign correspondents in the Sudanese capital.

Shortly after in another move aimed at reconciling the many *diverse factions in Africa's biggest* country he had a meeting with Mr Hassan al Turabi, leader of the fundamentalist Moslem Brotherhood. He was the foreign relations adviser to President Jaafar Nimeiri, overthrown in last weekend's coup, until the former head of state turned on the movement early in March and threw members of it into prison nl what was one of his last disastrous acts.

Gen Swareddahab, only recently appointed by Mr Nimeiri as Minister of Defence, said a cabinet would be formed as the executive branch of the Government under the 15-man Military Council. He gave no indication as to when civilian rule might be restored.

Unions plan 'blockade' of Queensland

AUSTRALIA'S trades unions plan a 24-hour road, rail, sea and air blockade of Queensland next *Thursday, in protest* against tough anti-union legislation recently enacted by the state's autocratic Prime Minister, Sir Joh Bjelke-Petersen, aged 74, **Michael Thompson-Noel reports from** *Sydney.*

The blockade was decided upon at a meeting of 30 unions in Melbourne yesterday.

Queensland's attempts to curb union power follows a costly *strike by power workers last* month, and marks a further attempt by Sir Joh's National Party state government to confront Mr Bob Hawke's Federal Labor Party Government in Canberra.

If union protests gathered momentum, claimed Sir Joh, "Hawke and his Government will go down the chute like shorn sheep, especially now the people know there is a state like Queensland which will *stand up to these unions."*

Investment inflow

The net inflow of foreign investment in Australia rose to A$2.18bn (£1.2bn) in the last quarter of 1984 from A$2.16bn in the third quarter, the Statistics Bureau said, **Reuter reports from Canberra.** The inflow compares with A$3.24bn in the last quarter of 1983.

China N-ship silence

China remained silent yesterday on the U.S. Government's reiteration that its policy remains neither to confirm nor deny the presence of nuclear weapons *on U.S. ships*, **writes Mark Baker from Peking.** Hu Yaobang, the Chinese Communist Party leader, who is to fly to Australia today, said on Wednesday that U.S. warships due to visit Chinese ports would not carry nuclear weapons.

Zia appoints cabinet

A 13-member civilian cabinet was sworn in on Wednesday by President Zia ul-Haq of Pakistan in a move which he claims paves the way for the eventual lifting of martial law, **Mohammed Aftab reports from Islamabad.** Mr Mohammed Junjo was appointed Prime Minister.

Thatcher calls for closer UK-Indonesia links

BRITISH Prime Minister Margaret Thatcher last night flew to Sri Lanka from *Indonesia, where she ended* her three-day visit with a further call for closer collaboration between the UK and Indonesia in exploiting new technology and scientific achievement, Agencies report.

Mrs Thatcher, in similar calls she had made on the previous stages of her six-nation tour of South-east and *South Asia, said she was con*fident that Britain's political and trade links could be increased.

She told a news conference before leaving for Sri Lanka that Britain had not paid *enough attention to Indonesia* in the past.

Mrs Thatcher also again dismissed criticism from the opposition Labour Party in *Britain that* she was abusing her Asian tour by deriding trade unions while abroad.

Earlier yesterday, Mrs Thatcher was mobbed and jostled by cheering Indo*nesian university* students. Her security guards had to push through hundreds of students pressing for a glimpse of the British leader. Mrs Thatcher kept smiling as she was bumped but looked slightly unnerved.

In Sri Lanka, Mrs Thatcher will meet President Junius Jayawardene before flying on to New Delhi on Saturday for talks with Indian Prime Minister Rajiv Ghandi.

John Elliott reports from Madras and **Mervyn de Silva** from Colombo

Sri Lanka faces fresh Tamil violence

SRI LANKA faces the prospect of a fresh round of armed action by Tamil militants in the coming weeks which may upset attempts being made by the governments of both India and Sri Lanka to find a peaceful solution to the island's ethnic problems.

Yesterday, four Tamil extremist organisations based in the southern Indian city of Madras announced their first-ever alliance to co-ordinate the activities for the "armed revolutionary struggle for *national independence.*"

A few hours earlier, Tamil separatists raided a police station and council offices in Jaffna, northern Sri Lanka, ending the recent lull in such attacks. A battle with police *and army forces lasted several* hours and, according to official estimates, 24 people were killed, including four policemen.

In Madras, Mr A. Amarthalingham, leader of the *traditionally non-violent* Tamil United Liberation Front, the main Tamil political party, said in an interview: "I believe that the doors for a negotiated settlement with the Sri Lankan Government are closed. We are left with no alternative but to mobilise our people for a mass struggle."

Mr Amarthalingham is frustrated by the failure last December of round-table talks on Tamil demands for some form of independent northern state. This failure undermined the political effectiveness of his party, which is now drawing closer to the extremist groups. Mr Amarthalingham, who would like to form an alliance with these groups, underlined his new *hardline* attitude when, in almost condoning violence, he said that, "for survival, our people have to resist the armed aggression" from the island's majority Sinhalese.

President Jayawardene

Mr Junius Jayawardene, the Sri Lankan President, indicated recently that he would like to have a ceasefire and reopen negotiations that would include extremist groups. But his approaches were rejected as worthless yesterday in Madras by both Mr Amarthalingham and a spokesman at the extremists' headquarters.

They accused him of making "meaningless offers" to impress both Indian politicians and leading Western countries such as the U.S. and the UK, which are urging him to find a negotiated, rather than a military, solution.

British Prime Minister Margaret Thatcher flew into Colombo last night for a two-day Sri Lankan visit before going on to New Delhi for talks with Mr Rajiv Gandhi, the Indian Prime Minister, on Saturday. Mrs Thatcher arrives at a time when Mr Gandhi is trying to develop a more conciliatory approach than that adopted by his mother, the late Prime Minister Indira Gandhi, to India's smaller neighbouring countries: Sri Lanka, Pakistan and Bangladesh. At the same time, however, Mr Gandhi wants to maintain the authority established by his mother of India as undisputedly the major nation in the region.

His Foreign Secretary, Mr *Romesh Bhandari, has already* visited Pakistan and Sri Lanka for fact-finding talks and goes to Bangladesh next Monday. The visits are specially significant because of India's internal problems. The Sikh crisis in Punjab is aggravated by India's fractious relationships with neighbouring Pakistan, while problems have been caused in Assam by an incursion of Bangladeshi refugees.

The Sri Lankan troubles are creating problems in the southern Indian state of Tamil Nadu, where local politicians are putting increasing pressure on Mr Gandhi to take a tough stand against the Sri Lankan Government in support of the *Tamils. One important opposi*sion party, the DMK, is threatening mass picketing from the end of this month, and Mr Gandhi might also find some opposition ministers of southern states using the issue as a common platform from which to attack him.

He has helped the Sri Lankan Government recently by strengthening coast guards and customs activities in Tamil Nadu and along the Palk Straits that divides the two countries. Tamil arms worth an estimated £350,000 were recently seized in southern India, but Mr Gandhi cannot do too much without falling foul of politicians in Tamil Nadu.

There have been some suspision that he has more sympathy than his mother received over *Sri Lanka's* problems and therefore is less single-minded in his support of the Tamils, but he has tried to allay such Tamil fears with a series of statements, including a declaraticn in the Indian Parliament on Wednesday that his aim was to ensure that Tamils in Sri Lanka lived "in peace and harmony for all time to come."

There has been a rush of Tamils from the north of the island to India, which says it has now received 90,000 refugees in Tamil Nadu, nearly 20,000 of whom arrived in February and March.

Mr Lalith Athulathmudali, the island's National Security Minister, says that the "tide is turning against the terrorists" and forecasts that extremist activities will not be a problem next year. That, however, appears to ignore the moves among the activists.

Mr A. Balasingham, spokesman for thhe Liberation Tigers *of Tamil, said yesterday: "The* Government wants a ceasefire to let it rebuild its demoralised army. Now is the time for us to hit back after a lull in our activities. Our aim is to shift the balance of military power in *our favour so we can negotiate* with the Government on our own terms." The Liberation Tigers are the Tamil's main guerrilla group and one of the four that combined yesterday into the new alliance.

Delhi makes concessions to Sikhs

By K. K. Sharma in New Delhi

THE INDIAN Government yesterday gave in to key demands made by Sikh leaders in another major bid to find a solution to the complex Punjab tangle and start negotiations to preserve "the nation's integrity and strengthen the unity of the people."

Mr S. B. Chavan, the Home Minister, announced to Parliament, with Prime Minister Rajiv Gandhi sitting beside him, that the Government's decision to order a judicial inquiry by a Supreme Court judge into the riots following the assassination of Mrs Indira Gandhi last November in which hundreds of Sikhs were brutally killed. Sikh leaders have made such an inquiry a pre-condition for negotiations.

The second major concession announced was the lifting of a ban on the militant All-India Sikh Students Federation which was considered to be the main youth organisation used by the late extremist leader, Sant Jarnail Singh Bhindranwale, for acts of terrorism.

Mr Chavan also announced *that the* Government would reconsider the detention of many Sikhs, including those sentenced in the past few months in special courts trying suspected terrorists. It is expected that several hundreds of Sikh prisoners will be released soon.

Japanese wages likely to rise just over 5%

By Robert Cottrell in Tokyo

JAPANESE railway workers called off a 24-hour strike yesterday following agreement on a 5.64 per cent pay rise. The settlement is an indicator of the broad trend of rises being awarded in Japan's annual spring round of industry-wide wage negotiations.

Most large private-sector Japanese corporations seem likely to agree average wage *rises of slightly* over 5 per cent, compared with the average 4.64 per cent awarded at this time last year.

Steelworkers are asking for a 5.93 per cent rise, countering management offers of 3.87 per cent. The shipbuilding sector is likely to follow the figure agreed by the steel industry. Electrical appliance manufacturers are offering 5.5 per cent wage rises to their workforce.

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Reagan 'favours informal meeting with Gorbachev'

BY STEWART FLEMING IN WASHINGTON

MR GEORGE BUSH, the U.S. Vice-President, said yesterday he believed that a get-acquainted meeting between President Ronald Reagan and Soviet leader Mikhail Gorbachev was more likely than a full-scale summit. However, Mr Bush, in a television interview, said he would not rule out a formal summit.

Mr Bush's comments echoed those made by Mr Robert McFarlane, the President's National Security Adviser, late on Wednesday night.

Mr McFarlane said President Reagan would welcome a get acquainted "meeting" with Mr Gorbachev later this year but a full-scale "summit" session between the two men would require more preparation.

Acknowledging that there had been some ambiguity in recent public statements by White House officials about the desirability of an early encounter between the two superpower leaders, Mr McFarlane drew a careful distinction between a formal "summit" and a more informal "meeting." He suggested the latter could take place in September or October if Mr Gorbachev accepts an invitation to the United Nations in New York.

On Tuesday, Mr Donald Regan, the White House chief of staff, told reporters that President Reagan opposed "just having meetings for meetings sake" and expressed concern about the danger that an ill-prepared meeting could be counter-productive and "accomplish nothing."

Mr Regan's comments were widely construed as indicating that the White House was backing away from its earlier interest in a "get acquainted" session between Mr Gorbachev and Mr Reagan.

Mr McFarlane, in his remarks to the White House Press corp in California where President Reagan is on holiday, offered no explanation for the apparently conflicting signals from the Reagan Administration.

But he made it clear that provided there are no unexpected setbacks in superpower relations in the meantime, Mr Reagan is prepared to have a get-acquainted session with the Soviet leader this year. At the same time he sought to dampen expectations that such a meeting would lead to any breakthroughs on contentious issues. It is widely expected that Mr George Shultz, U.S. Secretary of State, and Mr Andrei Gromyko, Soviet foreign minister, will discuss a possible summit when they meet in Vienna on May 14.

With the pace of diplomatic activity between the Soviet Union and the U.S. quickening—Mr Malcolm Baldrige, Commerce Department Secretary, is due to visit Moscow on May 21 for trade talks—U.S. officials have disclosed that over the next two weeks they will be conducting a top-level review of U.S. policy towards the Soviet Union.

Mr Gorbachev's confident steps towards the centre of the world political stage so soon after taking office will undoubtedly be one topic on the agenda for such a review.

It will also provide top U.S. policymakers with an apportunity to prepare themselves for next month's economic summit of the seven major industrial countries in Bonn where Soviet relations are expected to be discussed.

Martin calls for bank self regulatory system

BY STEWART FLEMING IN WASHINGTON

MR PRESTON MARTIN, Federal Reserve Board vice-chairman, yesterday called on the U.S. banking industry to consider setting up intensified self regulatory procedures to try and buttress the soundness of the American financial system.

In remarks which contrast with the push for financial deregulation earlier in the decade, Mr Martin said: "Today's high risk banking requires new approaches by the examiners."

Addressing the American Bankers Association conference on the safety and soundness of the financial system, Mr Martin said: "I want to raise the radical notion that it is time for the industry and the regulatory bodies, both federal and state, to investigate with seriousness the feasibility of soem kind of peer review or self governance."

He cited the "peer review" system of the accounting profession, according to which a public oversight board (POB) drawn from leaders of the accounting profession, government and academic accountancy monitors the performance of individual firms as a parallel.

Responding to questions, the Fed vice chairman said that recent failures indicated the strength of the overall financial system although he conceded that "we will continue to be in a difficult financial period" and that the Fed might have to expect "to step forward" in its role as lender of last resort time and time again.

Mr Martin's remarks are in harmony with recent comments of other regulatory officials, including Mr Edwin Gray, chairman of hte Federal Home Loan Bank Board, who has been expressing serious concern about trends in the thrift or savings and loan industry.

Shultz urges co-operation to protect world recovery

BY OUR WASHINGTON ECONOMICS EDITOR

MR GEORGE SHULTZ, U.S. Secretary of State, has called for a new programme of international economic co-operation and action to protect the world economic recovery and move the world onto a path of sustained inflationary growth.

In a rare speech on economic policy coming weeks before the seven nationa economic summit in Bonn, Mr Shultz warned about the growing imbalances in the U.S. economy manifested in "a large net capital inflow, an exceptionally strong dollar, the largest trade deficit in our history."

He made clear too his belief that large federal budget deficits are partly to blame. "It is no co-incidence that these imbalances are accompanied by huge budget deficit," he said —Echoing a theme struck regularly by Mr Paul Volcker, Federal Reserve Board chairman, Mr Shultz also expressed concern that "capital inflows into the U.S. will slow rown and outflows will increase" a threat which many private economists fear could severely complicate Washington's economic policy making and have potentially major adverse economic effects.

But in what will be seen as a preview of some of the views the U.S. will present to its industrial trading partners at the economic summit in Bonn, Mr Shultz maintained that the slowness of economic recovery in Europe results from conditions that stifle investment and called on West Europeans "to adopt policies that reduce the obstacles to change and innovation, that attract capital and stimulate economic investment."

He maintained that Japan, in addition to opening up its markets, should reduce the impact of a high rate of domestic saving on its trade surplus by liberalising its capital markets and stimulating investment.

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SEOUL HILTON INTERNATIONAL
WHERE THE WORLD IS AT HOME

France and Mexico move closer to Duarte

By David Gardner in Mexico City

FRANCE and Mexico, the two countries which gave El Salvador's left-wing insurgents their first major diplomatic breakthrough in 1981 by recognising them as a legitimate force in the country's civil war, are both to raise their diplomatic representation to ambassador level in San Salvador. The move represents a significant readjustment of Mexican and French policy towards the country.

The French have already made their decision, according to the French Foreign Ministry in Paris, while Latin American diplomats in Mexico City confirm that Mexico is looking again at the plan to upgrade its diplomatic rdelations with El Salvador which it shelved last summer.

Both countries have maintained missions in El Salvador below ambassadorial level through most of the five year civil war. The French will move their ambassador from Belize to El Salvador in the coming weeks.

The French decision was made before President Jose Napoleon Duarte's Christian Democrats won their decisive victory—still to be confirmed by official returns—in the March 31 National Assembly elections.

Mexico, on the other hand, which is more directly embroiled in the Central American conflict through the Contadora group of nations seeking a negotiated solution, is being more cautious about reappraising its relations with El Salvador.

But it is clearly encouraged by Sr Duarte's triumph over the far right and last week's demonstration of army support for him, and the Christian Democrat pledge to revive stalled peace talks with the rebels.

The Mexican plan to send an ambassador to San Salvador "has been resuscitated, and it has possibilities, particularly in the light of recent events," a senior Latin American diplomat commented.

The Franco-Mexican declaration of August 1981, handed in to the United Nations Security Council and describing the insurgent FDR-FMLN as "a representative political force," drew heavy fire from Washington and its Latin American allies.

Venezuela, part of the Contadora group for the past two years, along with Mexico, Colombia and Panama, led a nine-nation response condemning the declaration and briefly withdrew its ambassadors from Paris and Mexico City.

For the rebels, the declaration was the platform for a major diplomatic offensive throughout Europe and the Third World, both to rally support and discredit Washington's view of the Salvadorean conflict as primarily an East-West confrontation.

The new Franco-Mexican posture—which, it is understood, was not arrived at jointly—is eloquent evidence of how far Sr Duarte's U.S.-backed Government has succeeded in widening international recognition, particularly since opening peace talks with the rebels

However, Mexico and France point out that in achieving this success, Sr Duarte has largely vindicated their original thesis since his peace initiative has legitimised the FDR-FMLN as "a representative political force" and necessary party to any peaceful solution.

Contadora group starts fresh talks

THE CONTADORA GROUP'S stalled efforts for peace in Central America were given a fresh start yesterday as deputy foreign ministers from nine countries met in Panama to discuss two draft treaties to end regional fighting, Efe reports from Panama City.

U.S. allies El Salvador, Costa Rica and Honduras are reported to be ready to present a plan aimed at tightening control fo arms purchases by Central American countries and correcting what Washington called one-sided provisions in an earlier draft treaty.

Contadora nations Mexico, Venezuela, Colombia and Panama would present an alternative Canadian-inspired plan, according to officials involved in the meeting.

Both proposals are based on a treaty drafted last September after more than two years of talks, which would end international military manoeuvres in Central America, bar foreign military advisers from the region, freeze arms purchases and prohibit support to guerrillas fighting neighbouring governments.

Only Nicaragua has agreed to sign the treaty without revisions.

The left-wing Managua Government was expected to find itself isolated at Thursday's meeting following a White House peace proposal which the U.S. State Department says eight of the nine countries involved in Contadora had agreed to support.

Hugh O'Shaughnessy looks at efforts to salvage a Central American economy

War drags Guatemala into the doldrums

THE GUATEMALAN economy, while still the largest and strongest in Central America, is in deep trouble. Emergency measures announced in Guatemala City on Tuesday by Sr Leonardo Figueroa Villate, Finance Minister, produced loud protests from the business community who announced they were pulling out of talks with the government of General Oscar Mejia Victores.

With falling domestic revenues and fast dwindling stocks of foreign exchange, the authorities had little choice but to act. Massive new surcharges on imports—50 per cent on non-essentials bought outside the Central American Common Market and 15 per cent for those produced with the CACM—are combined with a tax on some coffee exports and increases in domestic taxes in an austerity package which has caught Guatemalans by surprise.

The last few years have been miserable ones for Guatemala. Between the beginning of 1981 and the end of last year the average Guatemalan got 15.5 per cent poorer. The country's business slump rivals that of neighbouring El Salvador. Both countries are being dragged down by chronic guerrilla wars.

General Oscar Mejia Victores

The prices of Guatemala's traditional exports — coffee, sugar and bananas—have been no better than stagnant, and new export lines on which the Government pinned hopes for the future have been disappointing.

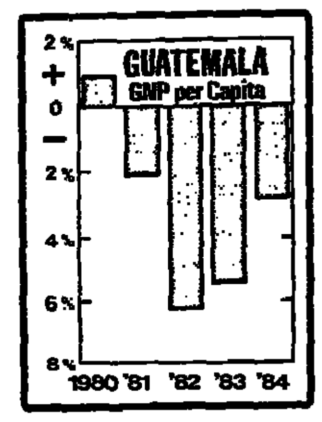
A hoped for oil boom has not taken place. Production of crude oil is around 3,000 barrels a day and new exploration is tailing off. When Texaco finishes its present modest drilling programme, the only one in the country, it is expected to leave. Elf Aquitaine has already gone.

One particular oil pipeline project is estimated to cost more than the worth of the oil it is supposed to transport. Prospects for the sales of cardamom, the spice much favoured by Arabs for mixing in their coffee, have been clouded by controversy over Guatemala's close links with Israel. The only bright spot on the export horizon seems to be sales of early vegetables to the U.S.

Tourism, once a big money earner in a country which has a perfect climate and much of enormous interest, is in dire straits. The guerrilla war and the activities of government death squads have seen to that.

Recently a guerrilla band took over Tikal, the principal Mayan archaeological site, and delivered a political speech to startled tourists. Many hotels are on the edge of bankruptcy.

The Mejia Victores government has announced it will be renegotiating its foreign public and private debt of nearly $3bn. Meanwhile there is little demand for the Guatemalan currency, the quetzal. Officially the quetzal stands at parity with the U.S. dollar. In practice the visitor is accosted in the streets of the capital by touts offering almost two quetzales for a dollar.



There is no sign that the war which has consumed government resources, scared away the tourists and lead to great flight of capital from Guatemala will be quickly ended.

While the more prosperous Guatemalans call for stronger measures against the left wing guerrilla challenge to the government, they are generally unwilling to provide the government with the money to sustain them.

The conventional armed forces total 40,000, many recruited though a haphazard process of conscription which imposes up to 2½ years' service on those unable to buy themselves out of the ranks.

In addition the army boasts it has mobilised 900,000 in the "civilian patrols," a rudimentary form of counter-insurgency home guard. If these figures are combined, Guatemala emerges as the most militarised country in the isthmus. Government receipts are not up to financing such an effort.

In a tart comment on Guatemalan public finances, the Inter - American Development Bank remarked recently, "Generally speaking, the tax rates are low, exemptions are generous, and evasion is substantial."

This week's measures are part of a government effort to start to match its income to its expenditure. The business response exemplifies the traditional unwillingness of more prosperous Guatemalans to pay taxes, an unwillingness strengthened by the fact that the tax collector is a particularly unwelcome visitor when the country is in a slump.

Official Mexican complicity in drugs trade exposed

BY DAVID GARDNER IN MEXICO CITY

THE ARREST and extradition from Costa Rica at the weekend of Sr Rafael Caro Quintero, the Mexican drug baron wanted on suspicion of murdering a U.S. Drugs Enforcement Administration (DEA) agent, has begun to uncover a web of official complicity in the Mexican narcotics traffic.

A further three senior police commanders have been sacked and are to be charged with accepting bribes in exchange for protection following statements by Sr Caro to the Mexican authorities.

The three commanders belong to the Federal Judicial Police but it is understood that members of state police forces, the army, and the powerful Federal Security Directorate (DFS), Mexico's equivalent to the FBI, are also under investigation.

Among the three to be charged is ex-commander Armando Pavon Reyes, sent to the Pacific Coast city of Guadalajara to investigate the disappearance of the murdered DEA agent, Mr Enrique Camarena, and six other U.S. citizens.

Sr Pavon led a raid on a farm in neighbouring Michoacan in which five people, said subsequently to have no connection with the case, were killed. The bodies of Camarena and a Mexican pilot who flew occasional missions for the DEA were discovered on this farm

However, different soil in the bags containing the bodies led Mexican and U.S. officials to believe the corpses were deliberately planted at the farm to throw investigators off the scent.

In a statement to the authorities, Sr Caro has confirmed a DEA allegation that Sr Pavon allowed him to ecape from Guadalajara in a private jet—in exchange, Sr Caro says, for a Peso 60m ($280,000) cheque.

At least another six policemen have been arrested in the Pacific resort of Puerto Vallarta, after a spectacular shoot out between police and a 24-strong bang led by Sr Ernesto Fonseca Carrillo, known as Don Neto and considered the principal Mexican drugs trafficker in a heirarchy placing Sr Caro as number three.

Sr Fonseca has said Sr Caro bears sole responsibility for killing Mr Camarena and described his 29-year-old associate as "green."

Both men are being questioned over the kidnap and murder, which brought Mexico's often tense relationship with the U.S. to a new low because of Washington's perception of Mexican police complicity in the affair.

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Chris Sherwell, recently in Ho Chi Minh City, looks at Vietnam's new deals and projects

Hanoi takes steps to come in from the cold

IN A six-day visit to Vietnam last month, M Jean-Baptiste Doumeng, a French businessman who is known as the "Red Millionaire" because of his excellent Communist connections, flew into Ho Chi Minh City and Hanoi to conclude a $200m (£181m) trade deal and round off negotiations on several new projects.

The deal involved the sale of offshore oil exploration equipment to Vietnam and, it is believed, the construction of flour mills in North Vietnam, but details of what Vietnam will provide in exchange, in what is presumed to be a barter arrangement, are not known.

In Ho Chi Minh City, M Doumeng discussed several projects, including development of the local timber industry, agricultural and marine products and an engineering plant. Officials said the projects did not involve counter trade.

M Doumeng is one of several Western executives who do business with Communist Vietnam. Vietnam likes to think that these contacts mean its international isolation is less severe than people believe.

Though there is an element of self-delusion about this, Vietnam's trade contacts outside the East bloc are indeed significant, not least politically.

This is because the governments of some of the Western countries involved, like Japan and Singapore, have shouted loudest against Hanoi's 1978 invasion of neighbouring Kampuchea and the continuing presence of 160,000-170,000 Vietnamese troops there.

Many cut off the aid they resumed in 1975 after the U.S.-backed régime in Saigon fell 10 years ago this month but stopped far short of ordering a halt to trade with Vietnam.

To some this seems hypocritical, but few people believe a trade embargo would have the desired effect on Vietnamese behaviour. If anything, it would drive the country further into the arms of the Communist bloc.

Indeed, some Western diplomats not only argue for an increase in trade but also for a resumption of aid to 60m people whose energies and potential seem limitless.

They also point out that, if their countries do not trade, someone else will go for the available business. This is exactly what is already happening, with Japan, Singapore and Hong Kong leading the way.

Japanese businessmen are thick on the ground, representing the large trading companies, under different names. They offer longer trade credit—two or even three years—than anybody else.

At $165m in 1983, Japan's trade with Vietnam is way ahead of Singapore's and Hong Kong's, although the former's trade increased from $80m in 1983 to around $120m last year.

Western diplomats point out that if their countries do not trade with Vietnam, someone else will go for the available business. This is exactly what is happening, with Japan, Singapore and Hong Kong leading the way.

The 1983 figure for Hong Kong was $125m, according to International Monetary Fund trade statistics.

Japanese companies sell machinery for such industrial projects as textile plants and shrimp processing plants, and stand ready to sell items such as new or second-hand vehicles. In the past, Japan has taken the bulk of Vietnam's shrimp exports and much of its coal exports.

Singapore and Hong Kong are essentially middle-man traders, ready to supply almost anything, often freighted directly on small ships which ply directly between the island states and Haiphong or Ho Chi Minh City. Both centres happily tolerate a Vietnamese trade office on their soil.

According to a breakdown of Singapore's trade for the first 11 months of last year, 15 per cent of Singapore's exports and re-exports to Vietnam was mineral fuels, 39 per cent chemicals and 30 per cent manufactured goods. Almost 54 per cent of imports was crude materials.

Also trading with Vietnam are countries such as France and Sweden and, to a lesser extent, Australia. All are reckoned to have a "special relationship," enjoying better access to Vietnamese officialdom than other Western countries.

Rhone Poulenc, the French chemicals and pharmaceuticals concern, and Austek, an Australian company, even have their own representatives in Ho Chi Minh City.

Austek is involved in building a 1,000-tonne capacity cold store, grafted onto another smaller one built by the Danes, who ended their stay in the country altogether last year over the Kampuchea episode.

Rhone Poulenc's interests in Vietnam were nationalised in 1982. The company makes cough syrup, vitamin pills and some other, more sophisticated pharmaceuticals. It is also selling textiles and pesticides.

Outside the Eastern bloc, which converts unrepaid loans virtually to grants, and Japanese businessmen, whose trade credit terms are exceptional, little business is done for anything other than cash because of Vietnam's appalling credit rating in the West.

What is more, the circumstances under which trade is carried on with the outside world by the main business centre, Ho Chi Minh City, have changed not once but twice in the past four years.

Under reforms introduced after 1980, district trading companies in the city started trading directly with people outside.

Suddenly its trade grew to $100m in 1981, according to one official, doubled to $200m in 1982 and would have reached $300m in 1983 had not Hanoi stepped in to exercise control.

Expressing concern about pressure on prices, but in fact worried about the new liberal régime, the central Government brought the export of 25 key commodities directly under its control and placed the district trading companies under the single umbrella of a new enterprise, Imexco, standing for Import Export Company.

From all accounts, the new arrangement has been nothing like as successful, with exports in 1984 estimated at less than $40m, vastly below the targeted level of $140m.

The main problem is that it lacks the contacts and experience essential to trade—the very qualities used in particular by the city's Vietnamese Chinese community in 1981-83.

Where developments go from here is anybody's guess. Like Imexco in Ho Chi Minh City, provincial trading companies have the freedom to develop their own outside trading ties, offering additional opportunities if the contacts can be developed.

But Western businessmen say that trading with the Vietnamese, at least until economic policies are radically changed, will continue to mean competing with the more favoured East bloc countries.

Mexico close to bilateral trade pact with U.S.

BY DAVID GARDNER IN MEXICO CITY

MEXICO is close to securing a bilateral trade treaty with the U.S., which will effectively ease tariff barriers on Mexican goods unless it can be proved that they harm U.S. domestic producers.

Negotiations—expected to be concluded in coming weeks, according to U.S. and Mexican officials—have followed the ups and downs of Mexico's frequently tense relations with its northern neighbour, with which it does about two-thirds of its trade.

An obstacle to the deal—a Mexican plan to shift the country's largely multinational-dominated pharmaceutical industry towards generic labelling and set up a protectionist infrastructure to foster local production of pharmaceuticals has now been resolved after almost a year of fierce lobbying.

However, the treaty could still be delayed if the U.S. decides that a major Mexican trade policy reform package, announced at the beginning of this week, still contains too high a subsidy element in its export promotion provisions.

This package known as the Integrated Programme for Export Promotion, or Profiex, is being carefully examined by the U.S.

"If we are convinced it does not contravene the treaty, then we'll try and push things through Congress quickly," a U.S. official said.

It is also hoped that Mr William Brock, the outgoing U.S. Special Trade Representative, who has been closely involved with the negotiations, will be able to see the treaty through Congress before leaving his post.

Mr Brock, along with President Reagan and Mr Malcolm Baldrige, the Commerce Secretary, intervened in the row over regulation of the pharmaceutical industry, underlining that it could threaten the future of the bilateral trade treaty.

The foreign drugs companies operating in Mexico, who control just under 60 per cent of the local market, argued strongly that the move to generic labelling and other provisions would deprive them of their major asset—their trademarks—and expose them to piracy.

In their lobbying effort with Washington and European Governments including Britain and West Germany, they stressed that they regarded Mexico as a test case which could affect their operations throughout the developing world.

Last week a solution was reached whereby brand names would be given more prominence on drugs packaging than the generic label, and companies now will not be required to publish the formulae for locally-produced drugs and pharmachemicals.

● The Export Credits Guarantee Department has guaranteed the funding of a $22.9m (£20.8m) loan which will help finance the supply of diesel engines and CKD components to be supplied by Perkins Engines of Peterborough to Motores Perkins of Mexico, our trade staff writes. Finance has been made available by Midland Bank to Nacional Financiera of Mexico.

Nakasone orders team to work on market opening

Mr Yasuhiro Nakasone, the Japanese Prime Minister, has ordered an official team to work on the market opening measures that were announced this week, Government officials said yesterday, Reuter reports from Tokyo.

Mr Nakasone yesterday ordered Mr Takao Fujinami, the Chief Cabinet Secretary, to co-ordinate efforts to set up the team which is to draw up an outline of the promised "action programme," they said.

The new measures, announced in the face of growing U.S. concern at Japanese protectionism and the size of the U.S. trade deficit with Japan, offered few new concrete steps. But the Government adopted an advisory committee's recommendation for a three-year action programme to increase market access for foreign goods.

The Government said it would aim at completing an outline by July. Mr Nakasone made an unprecedented televised appeal asking the Japanese to buy more foreign goods and support Government efforts to open Japan's markets.

Officials declined to comment on when the team would be formed.

President Ronald Reagan praised Mr Nakasone's speech but most Washington reaction stressed that the package could not be evaluated until it had taken effect.

Friction reached a peak early this month when the U.S. Senate Finance Committee approved a Bill which would impose tariffs or quotas on Japanese exports unless Tokyo provided more market access within 90 days.

The timing of this week's package was widely seen as an attempt to head off criticism of Japan at an OECD (Organisation for Economic Co-operation and Development) ministerial meeting in Paris ending today.

But analysts said Japan now felt under pressure to come up with more concrete moves before the summit of industrialised nations in Bonn next month.

MORGAN GUARANTY REPORT

Global trade talks 'could help reduce U.S. deficit'

BY W. L. LUETKENS

A CO-ORDINATED international economic strategy could reduce the U.S. current account deficit to $25bn (£22.7bn) by 1989 instead of the $250bn in prospect with present policies and exchange rates, according to the latest issue of World Financial Markets,* published by Morgan Guaranty Trust Company of New York.

The chief ingredients in the strategy outlined by the bank's international economics department are: a halving of the U.S. budget deficit which is presented as feasible; a stimulus to private consumption at the expense of private savings in Japan;

A reversal of tight fiscal policies in Europe in order to stimulate growth and reduce unemployment; and a round of global trade negotiations, as proposed by President Ronald Reagan, to defuse protectionist impulses.

Whereas this is the authors' preferred strategy, offering everybody something, they also consider surcharges as a stick to use against Japan.

"A substantial targeted surcharge, with standby authority for a still higher levy, could play a highly constructive bargaining role in opening up Japan's sheltered markets and in making a reality of the two-way trade on which a liberal world trade order must ultimately rest," the authors say.

In explaining their preferred, internationally co-ordinated plan, they say that the correction of the U.S. external deficit by unilateral policy changes in the U.S.—such as surcharges, deep devaluation of the dollar or restrictions including a recession — would threaten the strength of the U.S. economy without assured benefit to the rest of the world.

An international strategy, the authors say, would not get anywhere without U.S. leadership. The budget deficit should be cut by at least half during the next three years.

A compromise on an acceptably balanced package was beginning to look possible. If the full required reductions could not be achieved by cutting spending, increasing revenues might become necessary.

Japan's current account surplus must within three years be reduced by at least $25bn below the $45bn in prospect this year.

To that end, the excess of private saving above private domestic investment must be reduced. Investment could be increased in relatively neglected areas such as public housing, sewers, education and recreational facilities.

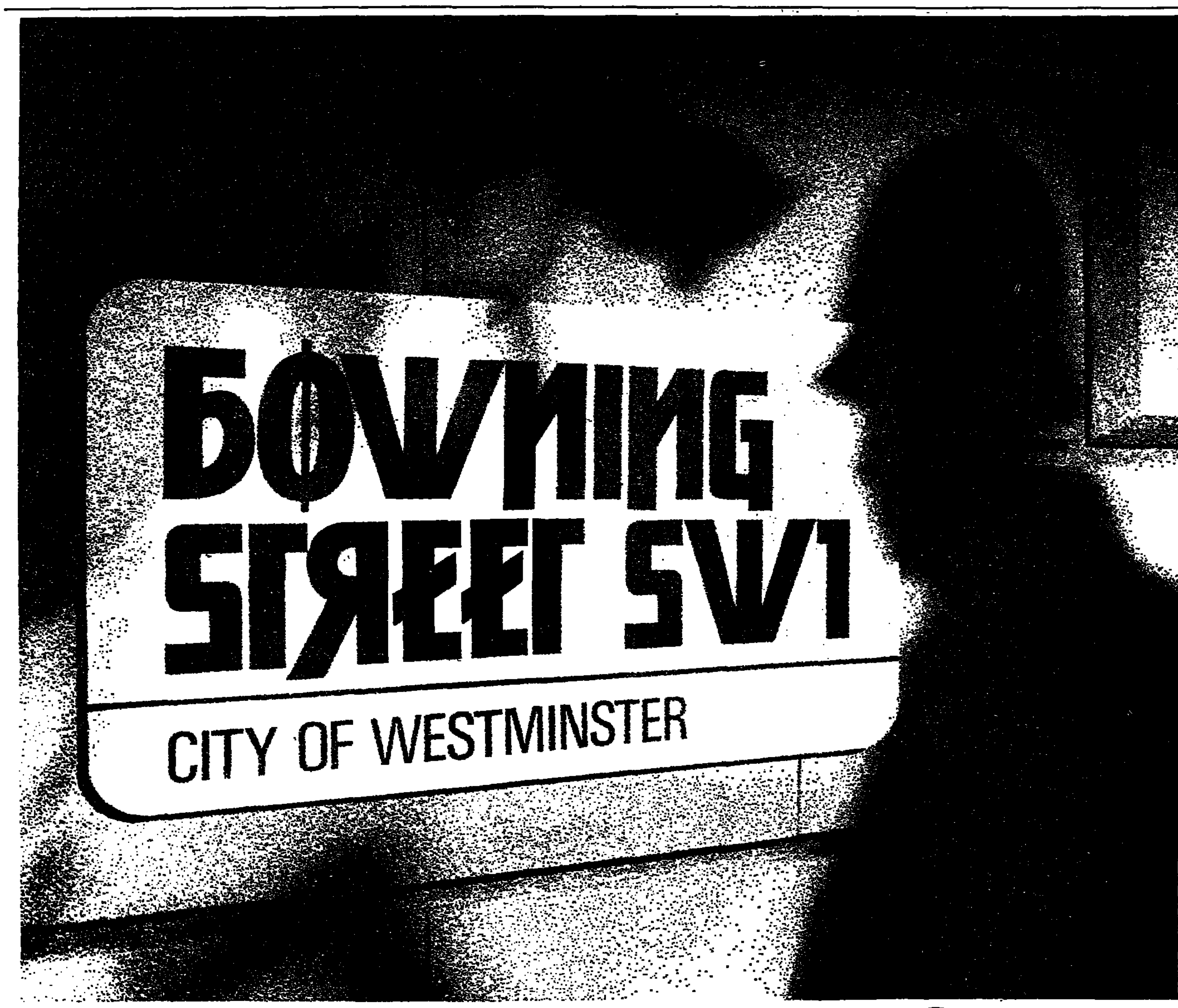
The Japanese Government should reconsider its commitment to cut the budget deficit: "The pile-up of public debt is no real problem in the context of the chronic domestic savings excess."

Europe's top priority, World Financial Markets said, should be to reduce taxes to boost consumption and investment. Stepping up growth by two percentage points could slice a third off unemployment in three years. Taut monetary policies could inhibit any inflationary consequences.

Not only could such a strategy reduce the U.S. external deficit while preserving the expected growth rate of GNP by 3.1 per cent in 1989, World Financial Markets suggested.

It could also increase the growth rate in the other industrial countries from a prospective 3 per cent to 4.5 per cent.

World Financial Markets is published by the International Economics Department of Morgan Guaranty Trust Company of New York, 23, Wall Street, New York, NY 10015.



ADDRESS WITHOUT REDRESS

The Bill to abolish the Metropolitan County Councils has just completed its passage through the Commons – a passage that included 200 hours of supposed detailed examination in Committee.

Unfortunately, the 'detail' extended to only 16 of the 98 clauses – discussion on the other 82 was cut short by the Government's guillotine.

The excuse given was shortage of time.

The reasons vary somewhat from the excuse.

Ministerial inability to support claims to make savings – presumably caused by the fact that they foresaw no reduction in essential spending on Police, Fire and Transport services (which account for nearly 70% of all Metropolitan Counties spending in any case). Ministerial inability to provide impartial support for the claims they did make. Ministerial inability to provide an effective alternative method of organising present services. But the real reason is even more frightening. Power.

Not for the people, but for themselves.

The power to 'rate cap' the new joint boards in advance. The power to tell the new Police, Fire and Transport boards how to manage their affairs. The power to pull the strings on an 'appointed' body responsible for services like derelict land reclamation and urban traffic control. The power to enforce 'guidance' on planning and highways at District Council level.

Even the power to subsequently change the arrangements agreed by Parliament for the Met Counties' essential services.

Power over the people without accountability to those people is a concept alien to democracy. The ability to question is the inalienable right of the British public.

Or is the right of redress disappearing altogether?

Abolition-at any cost?

ANY INFORMATION ABOUT THE ISSUES OR FACTS RELATING TO ABOLITION MAY BE OBTAINED FROM THE METROPOLITAN COUNTY COUNCILS OF GREATER MANCHESTER, MERSEYSIDE, SOUTH YORKSHIRE, TYNE AND WEAR, WEST MIDLANDS AND WEST YORKSHIRE.

Miners offered 10.68% rise over two years

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEADERS of the National Union of Mineworkers (NUM) seem likely next week to accept in full the 10.68 per cent two-year pay offer tabled by the National Coal Board (NCB) yesterday as tentative relations between the two sides began to be resumed after the miners' year-long strike.

Mr Arthur Scargill, NUM president, in the first wages talks with the board since October 1983, pressed the NCB to negotiate a three-year wages deal "in order that there could be a period of stability within the industry following the impact of the 1984-85 strike." The strike ended last month in a return to work without an agreement.

The NCB was unable to accept Mr Scargill's suggestion immediately, but the early indications from within the board are that it might well do so in order to avoid negotiations resuming in three months time.

NCB negotiators, however, want to reach a quick settlement with the NUM on the two years' pay increases now outstanding, without entering immediately into an argument about the size of the increase to run for 12 months from November.

In accordance with that thinking, the NUM yesterday immediately accepted 5.2 per cent covering the year from November 1983. The part of the offer concerning the second year will be considered by the NUM's executive next Thursday, but Mr Scargill said when he left the talks that he thought agreement was "highly possible."

Acceptance of the first element of the offer will increase grade rates by £6.80 a week for the highest-paid underground worker, and £4.90 for the lowest-grade surface worker.

Acceptance of the second 5.2 per cent element – already agreed by other unions in the industry – would further increase rates by £7.15–£5.15 respectively.

After those two increases, plus some consolidation to take it to 10.68 per cent, the weekly grade rates would be £144.25–£104.15, although overtime payments push earnings levels much higher.

If accepted in full, the offer would mean up to £437 in back pay for miners who worked through the strike, after deducting £275 already paid on account.

Esso raises petrol price by 5p

BY DOMINIC LAWSON

ESSO is increasing petrol prices in the UK by 5p a gallon today, taking the official price of a gallon of four-star to a record 204.6p.

The move comes only a fortnight after Esso cut 4p off a gallon of petrol, to bring it back below the £2 barrier. Esso's rapid shifts in prices have confused its rivals and angered motorist organisations, but it seems likely that the other leading petrol retailers will follow its lead.

Shell, which races neck-and-neck with Esso for leadership of the UK petrol market, would make no comment yesterday, but having suffered a bottom-line loss of £94m on its UK refining and marketing operations last year, Shell is likely to raise prices.

Similar arguments are likely to persuade other oil companies to follow the Esso initiative, although they may wait until the end of the weekend, in order to seize temporarily some business from Esso.

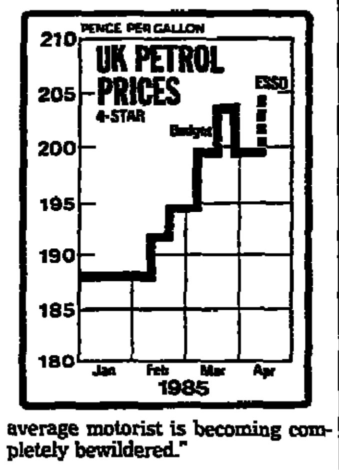
In recent months Esso and its rivals have blamed the volatility of UK petrol prices on fluctuations in the rate of exchange between the pound and the dollar, in which oil is traded internationally.

This time Esso blames the increase entirely on the strengthening of dollar petrol prices on the Rotterdam spot market. The sterling-dollar rate has not moved appreciably since the last UK petrol price move a month ago.

Esso said the cost of a tonne of gasoline on the bulk cargo market had increased about $20 since it cut prices in the UK a fortnight ago. Another oil company estimated that in sterling terms petrol on the spot market cost 4.5p more gallon than it did two weeks ago.

Esso's rivals were privately critical of the way it had first cut and then raised prices in such a short period. One oil company executive said: "We are losing credibility with the motorist. He must wonder what is going on."

The Automobile Association complained yesterday that "Britain's 16.3m motorists will find it hard to come to terms with 'now you see 'em, now you don't' petrol price changes. It is little wonder that the average motorist is becoming completely bewildered."



TUC supports 'no strike' agreement at Hitachi

BY OUR LABOUR CORRESPONDENT

THE TRADES Union Congress (TUC), in what is seen as a key test case, is not supporting a demand by six of its affiliated unions that the electricians' union EETPU should scrap a single-union, "no strike" deal at a Hitachi TV plant in South Wales.

However, although the finding of the TUC disputes committee was welcomed by EETPU leaders yesterday, the committee has added important qualifications to the Hitachi deal which the electricians will not like and which may cause local-level difficulties.

Six unions – the white-collar unions ASTMS, Apex and Tass, and the building, engineering and transport workers – took the electricians to the TUC's disputes procedures, used for settling inter-union differences, when the EETPU signed a deal with Hitachi at its Hirwaun plant giving it sole bargaining rights.

The union had signed such deals before, but none at sites where other unions were already present. The EETPU, the disputes committee was told, had 716 of the 1,188 Hitachi employees in membership, with the rest spread around the other unions.

Some officials in both the EETPU and other unions are therefore seeing that finding of the committee as a precedent for further similar moves by the electricians and other unions.

Mr Eric Hammond, the union's general secretary, said the committee's findings "fully justify our agreement" and were a "clear recognition that the complaints against us were ill judged and ill founded."

The confidential findings of the committee do not make that point overtly, but they clearly do not order the EETPU to abandon its deal and reconstruct a multi-union agreement.

The committee, however, does state that the EETPU should have complied with part of Principle 1 of the TUC's Bridlington procedures governing inter-union relations,

STC arranges high pay package for non-executive post

BY MARTIN DICKSON

STANDARD TELEPHONES and Cables is paying Dr Robb Wilmot, the non-executive chairman of its ICL subsidiary, £80,000 a year for about a week's work a month – and an additional £2,000 for every day he puts in on top of that.

An outline of the unusual deal was disclosed yesterday in STC's annual report, which also shows that Sir Kenneth Corfield, STC's chairman, had a 48 per cent pay rise in 1984, taking his remuneration from £201,000 to £297,000. The company's other directors also had substantial increases.

Dr Wilmot – who has a longstanding reputation as one of Britain's best paid executives – was managing director of ICL until the computer company was taken over by STC last August. He was appointed executive chairman after the merger, but gave up his executive responsibilities at the end of November, getting a golden handshake of £190,844.

Since then he has been working part-time for STC, where he is also a non-executive main board director, which gives him an additional annual fee of around £12,000. The company said yesterday that he was advising on general corporate strategy as well as ICL.

Under an agreement between STC and Wilmot Enterprises – a company owned jointly by Dr Wilmot and his wife – Dr Wilmot receives £6,666 a month for working a specified number of days.

STC would say only that that meant that Dr Wilmot – known for working very long hours – would be putting in "well over a normal working week a month." But the agreement is understood to specify just four days' work a month.

Under a second agreement, a fee of £2,000 is payable for every further day on which Dr Wilmot provides his services. STC declined to say how much it was paying under that provision.

The report also shows that on the merger Dr Wilmot exercised the right to options over 1.63m ICL shares, and then accepted STC's offer for them, which would have been worth about £1.3m.

The annual report shows that STC directors' total emoluments rose from £1.03m in 1983 to £2.62m last year – largely because of a £1m rise in pension contributions. The chairman apart, eight directors were paid between £105,000 and £140,000, whereas in 1983, the highest-paid received between £90,000 and £95,000.

EBC to make deals in European stocks

BY DAVID LASCELLES, BANKING CORRESPONDENT

EUROPEAN Banking Company, the London-based consortium bank, is to begin making markets in 30 European stocks next Monday.

EBC's list includes four UK stocks, which means it will become the second bank after Robert Fleming to make markets in UK equities off the London Stock Exchange floor. Several other institutions, including the international dealerships recently established by London broking and jobbing firms, already make markets in foreign equities.

EBC will be dealing in shares of multinational financial and chemical companies from the UK, West Germany, the Netherlands and Belgium. Prices, which will be broadcast on the Reuter screen, will be quoted on a net basis in local currencies, but settlement will also be possible in sterling and dollars.

Mr Stanislas Yassukovich, EBC's chief executive, said he foresaw the evolution of an international equities market und expected London to become "the Wall Street of Europe".

The venture marks a further fragmentation of the London stock market, but EBC has told the stock exchange that it will apply for membership when that becomes possible.

EBC expects to be able to offer clients a "screen-to-screen" dealing service when the facility is introduced by Reuter later this year. That would make the screen a direct channel of communication between EBC and its clients, rather than just a notice board of prices, and might foreshadow a U.S.-style NASDAQ dealing system.

EBC, which is owned by seven leading European banks, has three equity traders to handle the service, two of them formerly with jobbers Akroyd & Smithers.

General Accident takes stake in motor repairs

BY ERIC SHORT

GENERAL ACCIDENT, one of Britain's largest motor insurers with over 1.25m motorists on its books, yesterday broke new ground for an insurance company by entering directly into the motor repair business.

GA has taken a 49 per cent stake in the motor repair business Auto Craft, based at Folkestone in Kent. That has been designated a General Accident Repair Centre and motorists insured with the group are being offered the opportunity of having their cars repaired at the group's own workshops.

GA has also linked up with Auto Craft's owner, Mr George Athey, to launch a motor salvage company – Auto Economics – based in Ashford, Kent, and in which GA has a 51 per cent equity holding.

Mr Tom Roberts, GA's general manager (UK), described the company as one of Europe's most advanced vehicle parts reclamation plants.

Motor insurers in the UK are involved in a price war for business, and motor premiums increases are too few and too little to match the rising costs of claims. The move by GA is an attempt to contain the rise by encouraging motorists to accept the use of reclaimed parts, instead of new parts, when having their cars repaired after an accident.

GA will guarantee the parts salvaged from written-off cars processed by Auto Economics. Mr Athey and his team have studied closely the motor salvage operations in North America and continental Europe, particularly those in Sweden, before designing the operations used in Auto Economics.

Civil servants warn of anger on wage claim

CIVIL SERVICE union leaders met Treasury officials in London to warn of growing anger and unrest about the £4-a-week or 4 per cent pay offer to 500,000 white-collar civil servants, in spite of the narrow vote against a one-day strike by the biggest union.

The ballot vote in the Civil and Public Services Association signalled the collapse of a widespread campaign of industrial action, but the Inland Revenue Staffs Federation warned that it was still considering an overtime ban and withdrawal of co-operation, which would affect computerisation of the pay-as-you-earn system.

□ THE FEDERATION of London Clearing Bank Employers refused to increase its "final" 5.5 per cent offer to 160,000 clerical staff, but told the Banking, Insurance and Finance Union (BIFU) that it was prepared to hold further talks at the Advisory, Conciliation and Arbitration Service.

Bifu had sought the meeting after its members voted by 29,181 to 12,245 to reject the offer.

□ A CAMPAIGN to oppose the planned shutdown of oil refining at BP's Llandarcy plant, near Swansea, Wales, with the loss of 750 jobs, was launched by Transport and General Workers' Union leaders in Cardiff.

Mr George Wright, the union's secretary in Wales, warned that a "unique industrial action" possibly on an international scale, would be taken if the board refused to meet a delegation from the union.

□ ABOUT 42,000 employees of British Shipbuilders (BS) were yesterday offered a pay rise worth some 3.2 per cent on basic rates, plus 1 per cent to reduce anomalies. Union leaders rejected the package.

Further negotiations are scheduled for later this month, but the unions want BS to confine the talks to pay and to drop demands for improved productivity.

□ THE GOVERNMENT proposes to strengthen the police complaints procedure in Northern Ireland along lines operating in England and Wales.

A consultative paper suggests that the Secretary of State for Northern Ireland should have power to order an investigation in a matter of public interest, even though no formal complaint had been received.

□ LONDON Regional Transport (LRT) is planning to hand over two of its bus routes to private operators. The move comes after LRT put out 13 of its loss-making bus routes to competitive tender for the first time.

Six of the 13 routes have been won back by LRT's own subsidiary, London Buses.

UK NEWS

Limited teletex system given delayed launch

BY JASON CRISP

BRITAIN'S delayed teletex service, which is like a very fast and high-quality telex, was finally launched yesterday. West Germany and Scandinavia already have teletex services, but it will be some time before messages can be sent between countries.

At least 10 companies including British Telecom, Ferranti, Siemens, Olivetti and Plessey are selling teletex terminals in the UK. The terminals come in a variety of forms but are usually connected to a word processor and cost an additional £3,000.

Teletex is an internationally agreed standard which allows different types of electronic equipment such as personal computers and word processors to communicate with each other. Messages between terminals are sent 30 times faster than telex and are of better quality with upper and lower-case characters.

Ambitious plans for the widespread introduction of teletex have slipped considerably because of technical difficulties. There are about 10,000 teletex terminals in West Germany, one of the first countries to start using the system. France was scheduled to start its service yesterday but has postponed it until next month.

British Telecom estimates that there will be 2,500 teletex terminals in use in Britain this year, rising to 30,000 by 1990 compared with over 90,000 telex terminals.

There are a number of doubts about whether teletex will be widely accepted. The U.S. has shown little interest and the service faces competition from electronic mailbox services, and facsimile machines that reproduce complete copies of a page including diagrams and letter headings.

The telephone authorities also have an ambivalent attitude to teletex as it might deprive them of telex revenues.

The first international teletex connections with Britain are likely to be with France in the latter half of this year followed by Canada and the Netherlands.

Cinema 'first' for filmgoers

BY RAYMOND SNODDY

BRITAIN'S first purpose-built 10-screen cinema will open in Milton Keynes in central England in October. The ten auditoria of varying sizes will be able to seat more than 2,000 people a development that goes against the trend of closures of large cinemas in Britain over the past 20 years.

The new cinema project is part of a £7.5m entertainment complex which includes a restaurant, brasserie, bar, nightclub and bingo club.

The development, to be know as "The Point," is a joint venture between Bass Leisure, part of the UK brewing group and American Multi-Cinema, the third largest cinema chain in the U.S.

Mr David Puttnam, the British Oscar-winning producer, said yesterday that The Point was the most important development in the cinema industry for at least a decade.

● The box office success of films such as Beverly Hills Cop, Ghostbusters and Gremlins has helped to create an 11 per cent increase in attendances at Thorn EMI's ABC circuit in the financial year to the end of March. Business this month was also up.

Insurance claims for theft rise 16% to record £320m

BY JAMES McDONALD

THEFT CLAIMS cost members of the British Insurance Association (BIA) a record £320.4m last year, with the total exceeding £300m for the first time.

The 1984 figure was 16.3 per cent higher than in 1983 and was more than treble the level of £94.5m five years ago.

Claims for household thefts accounted for nearly two thirds of the total in value terms. At £201.1m, they were 17.5 per cent higher than in 1983.

There were also unprecedented losses in the commercial sector, with claims rising by 18.5 per cent to £63.5m.

"It is of great concern that insurance companies report more of these cases being accompanied by violence, with inevitably distressing effects," Mr John Simpson, chairman of the BIA's crime prevention panel said.

In the household sector there was a steep rise in the number of theft claims, with an average of more than 1,000 a day.

"Opportunist thieves work on the principle that everyone has something worth stealing and they attack all types of property in all sorts of neighbourhoods," Mr. Simpson said.

Many insurance companies had to increase premiums and the reasons were clear in the figures, he added. "But our role is limited to providing financial compensation at a price that reflects the losses that arise."

THEFT CLAIMS

	1983 £m	1984 m	Percentage increase
Household	171.2	201.1	17.5
Commercial	53.6	63.5	18.5
All risks	32.6	35.5	9.2
Goods in transit	9.1	9.6	6.5
Money	9.2	10.7	16.3
Total	275.8	320.4	16.3

The figures do not include uninsured losses, losses insured outside the British Insurance Association or those covered under motor policies.
Also excluded are losses under marine policies, which account for substantial part of goods in transit business.

London's status grows as the international banking capital

DAVID LASCELLES, banking correspondent, reports on the arrival in London of a Japanese bank, joining the 470 foreign banks in the City.

LONDON'S POSITION as a leading financial centre continues to grow with the influx of foreign banks. There are more than 470 in the City of London, making it by far the densest concentration of banking talent and capacity in the world.

But since all but one of the world's 100 largest banks are represented in the "Square Mile," the newer arrivals tend to be more modest in size: many are only regional banks in their own countries. Indeed, the question arises why some of them even attempt to establish themselves in the London market, and how they can hope to make any money, given the size of the competition. Only a few ever leave.

Profitability is not the only criterion, however. The status of London is now such that most banks with international ambitions feel they have to be represented there, to keep an eye on the market and to be able to offer their big corporate customers an international service.

Such reasons lie behind the arrival of London's latest newcomer, the Iyo Bank, a regional Japanese bank based on the island of Shikoku, the smallest of the four main islands in the Japanese archipelago. Iyo Bank has taken half a floor of a newly refurbished prime office block and is opening a three-person representative office.

This is Iyo's first venture abroad. It has assets of about $8.5bn and earned $22m after tax in 1984, making it the 39th largest bank in Japan and number 203 in the world, according to The Banker magazine.

Mr Saburo Masuda, the president, who was celebrating the opening yesterday, admits that London is a crowded market where profits are hard to come by. But he says London was "an obvious first choice" for the bank's strategic expansion overseas.

"We have to serve our customers," he said. The Ehime Prefecture, where Iyo Bank has its head office, is a large shipbuilding and shipping centre with other industries such as machine building, paper and electronics with international connections. The fact that London is also the world's shipping and insurance centre was an important consideration.

Iyo intends to use its presence in London to collect and to supply international economic information to its corporate clients, and build up its own relationships with its 165 correspondent banks around the world.

Although Japan's place on the Pacific rim, and its huge trade with America, makes the U.S. a popular destination for Japanese banks, Mr Masuda said Iyo wanted to come to London first because it was "the leading financial centre." A move to the U.S. would come later.

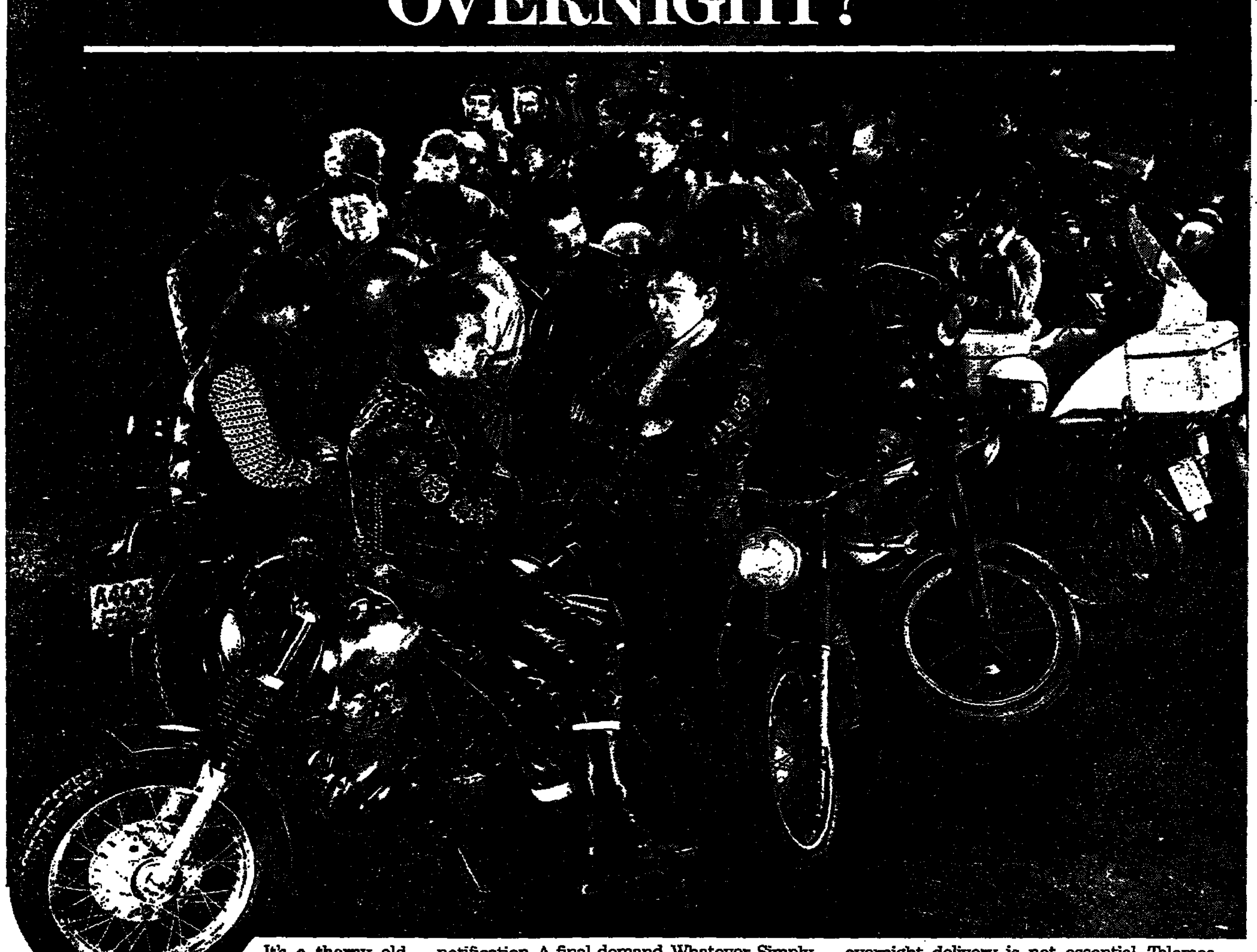
Since Iyo can only start as a representative office rather than a full branch, it will not be able to write loan business in London or participate directly in the newly opened market for Euroyen bonds and loans, which is clearly a disadvantage, which Mr Masuda regrets. He says his corporate customers in Shikoku are keenly interested in raising money on the Euromarkets.

As well as indicating the type of foreign bank moving into London, Iyo's arrival highlights another trend: the rapidly growing presence of second-tier Japanese banks in London.

At least three are expected to open this year, bringing the total to around 40. That is still far behind the U.S. presence of 72, but well ahead of the French, who are third with around 20.

The gradual liberalisation of the Japanese financial services industry and the intensity of competition on the domestic banking market are expected to fuel this trend (at the moment the Japanese Ministry of Finance strictly limits the number of branches Japanese banks may open overseas). Some people even speak of the Japanese banks' achieving in world markets what their other industries have done.

HOW ELSE DO YOU SEND OUT 200 ESSENTIAL LETTERS OVERNIGHT?



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Labour attacks policy for jobs

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LABOUR PARTY leaders believe that the Government's much-criticised White Paper (policy document) on employment has shifted the political debate to ground much more favourable to Labour, according to a confidential policy paper attacking the Government's document in scathing terms.

The internal Labour paper, to be published shortly, strikes a new note of confidence for Labour, based on the belief that the effect of the Government's new labour market emphasis has been to expose its own political and economic philosophies.

The paper says that the Government's document which was published last month, "expresses the shift in the Government's approach from a crude reliance on macro-economic deflation to more explicit and direct labour-market intervention."

Assessing the White Paper as the most concise and revealing statement so far of the Government's economic philosophy, the Labour Party's document claims it is a clear change of direction, forced upon the Government because "its policies have clearly failed in their declared aim of greater efficiency and competitiveness."

It says the rationale behind the Government's increasing emphasis on labour-market flexibility is clear: "If markets do not work according to the prescriptions of monetarist theory – in other words, if wages are not kept down by unemployment – then they must be made to emulate the theory."

The thrust of Labour's paper is the realisation that the party might be able successfully to seek electoral advantage from the White Paper, whose sole merit might be that "by assembling all the Government's ideas in one place, it reveals their intellectual poverty."

● Labour Herald, the weekly newspaper of the party's hard left, today makes a bitter attack on Mr Neil Kinnock, the Labour leader, accusing him of a "disgraceful failure of socialist leadership."

It announces the start of a campaign to challenge the policies of the party leadership and to ensure that Labour enters the next election campaign with firm left-wing commitments.

Date set for appeal by Lloyd's underwriter

BY JOHN MOORE, CITY CORRESPONDENT

THE FIRST public hearings of an appeal made by a Lloyd's underwriter against proposed disciplinary proceedings taken by the Lloyd's insurance authorities are set to take place on May 7.

Mr Ian Posgate, the former star underwriter of Lloyd's insurance syndicates under the management of Alexander Howden, has requested that the hearings be held in public. He is the first underwriter at Lloyd's to use the full extent of the appeals mechanism within the Lloyd's insurance market to defend his case.

Disciplinary proceedings were started against Mr Posgate by the Lloyd's authorities after allegations made against him and four other former executives of Howden by Alexander & Alexander Services, Howden's U.S. owners. The allegations were that they had misappropriated $55m funds from Lloyd's insurance syndicates under Howden's management and from other Howden insurance interests.

Mr Posgate's appeal will be heard by Lord Wilberforce.

On the same day, other disciplinary hearings are due to be heard in public. Mr John Wallrock, the former chairman of Minet Holdings, a large insurance broker with extensive Lloyd's interests, has asked that proceedings started against him by the Lloyd's authorities should be also held in public.

Mr Wallrock is defending allegations launched against him by the authorities of Lloyd's that he participated in secret deals carried out by former Minet underwriters which led to the misappropriation of members of Lloyd's funds.

Failure of fuel card causes heavy losses

By Kenneth Gooding

THE COLLAPSE of Charge Card Services (CCS), the company responsible for the Motor Agents' Association's fuel card scheme, cost the association £128,981.

CCS went into voluntary liquidation in January after nearly two years in operation. Initial estimates suggest petrol retailers were owed about £2.8m.

In the association's annual report Mr David Gent, the director general, said while the financial loss to the association was serious enough, "the damage to the association's reputation in the eyes of so many members was more important. Our first priority is to do all we can to help and advise members who have lost money, and second is to regain members' confidence."

A committee of inquiry into CCS, in which the association was a one third shareholder, has been set up. "It is vitally important that the lessons which need to be learnt are clearly identified and acted upon," Mr Gent said.

£20m naval contract won by BAe

By Bridget Bloom

THE BRACKNELL division of British Aerospace (BAe) Dynamics Group has won a contract from the Ministry of Defence for the first wholly automated digital gunfire control system to be fitted in Royal Navy warships.

The contract, said to be worth £20m over the next few years, is to supply systems for the Vickers 4.5in naval gun. The gun is to be fitted to the latest batch of Type 22 frigates, as well as to the new Type 23 warship.

The guns are being fitted as a result of the lessons learned during the Falklands war in 1982, when the lack of such weapons proved a disadvantage to British warships. BAe was in competition with the Ferranti company for the contract.

BAe's Sea Archer gunfire control system involves a remotely controlled mast-mounted electro-optical sight which is equipped with a thermal imaging device. An important feature of the system is said to be the facility for automatic tracking of targets in poor weather and sea conditions.

The Chase Partnership at work with Rank Xerox in London in front of the new 10/20 copier. Shown from left to right: Michael Dunsmore, UK Electronic Banking; Mr. Garry Thomas, Director, Tax Treasury and Accounting, Rank Xerox; Mr. Vaughn Richtor, Senior Treasury Dealer, Rank Xerox; Mr. Reg Sellers, Group Treasurer, Rank Xerox; Chase's Christopher Rocker; Carol Moore, UK Electronics Division.

Rank Xerox found it takes more than state-of-the-art technology to deliver the world's most effective electronic banking system.

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The Chase Partnership

CHASE

Product Innovation Advanced Technology Service People Global Network Electronic Banking

TECHNOLOGY

EDITED BY ALAN CANE

ACCURATE MEASUREMENT CUTS COSTS, IMPROVES QUALITY

Shoemakers adapt to a modern last

BY GEOFFREY CHARLISH

THE Department of Trade and Industry believes there is a direct connection between good measurement and product quality. Apart from that, notable savings can be made in materials.

So it is now about half way through a programme aimed at improving industrial measurement techniques in traditional industries reluctant to embrace new technology.

There have already been iniatives in the woodworking, foundry, textile colouring and process machinery industries. More recently, the shoe industry was tackled through the Shoe and Allied Trades Association, Satra, of Kettering.

The UK industry has sales exceeding £700m annually, representing 125m pairs of shoes and the employment of more than 50,000 people in several hundred companies. But foreign competition has forced the industry to cut costs and improve quality.

Makers of leather shoes have a particular problem. Their raw material is an animal skin of variable size and quality, so two questions arise: what area of leather has the tanner supplied (as opposed to what he says he has supplied); and how many pairs of shoes can be cut from a batch of skins?

Little science had been applied to either measurement. Incoming leather was assessed by placing transparent plastic grid sheets on the skins and counting squares, while the utilisation of the area was very much in the hands of the cutters. They use a selection of "knives" (rather like pastry cutters) and place them to make best use of the skin. There is an allowance for waste which has to be agreed.

Once leather area was measured with a plastic grid; now an electronic scanner gives answers correct to 0.1 square foot

A programme at Satra, 100 per cent funded by DTI to the tune of £43,600, resulted in Satrasumm, which uses two new instruments.

The first, developed by Bramley Tanning Machinery of Leeds and GSM Controls, Huddersfield, is called Tablescan. Parallel bars down the long sides of a 10 x 5 ft glass table support the two ends of a 5 ft measuring bar housing fluorescent tubes and an array of photodiodes. As the bar slides on the bars and is swept across the skin, the diodes register reflected light and a microprocessor calculates the area to 0.1 sq ft.

The second unit, Patternscan, uses similar methods and is based on a Commodore microcomputer and Satra components in the flat, measures their area (to 0.1 per cent), optimises their interlocking for best leather utilisation and instantly compares the total area of hides to be used with the number of shoes required.

The program calculates an exact cutter's allowance balanced for leather quality and size requirements.

Trials at five companies including Lotus Shoes and Church and Company have shown that, with the cutters adhering to the new standards, waste can be reduced by up to 10 per cent and rejects due to skimped cutting sharply reduced. The average annual saving per company was £38,000. The system, available from Satra, costs £9,000.

Before another DTI exercise at Sarginson Brothers of Coventry, aluminium founders, the company had found it could not meet its customers' increasingly rigorous dimensional requirement's lost a £20,000 contract simply because its measurement facilities were not making the grade.

In this case Istel (formely British Leyland Technology) was brought in, with long experience in motor industry metrology. Among their findings was that, in measuring dies, patterns and castings, some rather traditional equipment with no calibration certificates was in use, invalidating the results.

Wall thicknesses in castings like engine manifolds were becoming more and more important, because excess metal meant less profit and produced excess weight that customers would not tolerate.

One outcome was the purchase of two Stiefelmayer coordinate measuring machines, which allowed proper quality audits to tak place, with measurements that were less dependent on operator skills. In a somewhat "higher tech" area, Thomas Broadbent of Huddersfield, which makes centrifuges for the seperation of liquid/solid mixtures solved a problem of particle size measure by using a new laser particle sizer from Malvern Instruments.

More details from the DTI MSRB Secretariat, Room 244, Ashdown House, 123 Victoria Street, London SW1E 6RB.

INTERFERON ROW

U.S. giants squabble over drug patent

BY STEPHANIE YANCHINSKI

A SIMMERING disagreement between two pharmaceutical giants over an important patent in biotechnology has flared into open dispute.

Hoffman LaRoche, the Swiss-based drugs company, and the American firm Schering Plough are each claiming the commercial rights to a promising anti-cancer agent, alpha-2 interferon.

Last month both issued statements staking their claim to this lucrative drug which may eventually be worth many millions of pounds.

Their battle threatens the future of at least one top biotechnology firm, Biogen, which pioneered the development of alpha interferon in the late 1970s and which licensed its process to Chering Plough. The company recently ran into financial difficulties, and is looking to revenues from alpha-2 interferon to help bail it out.

Alpha interferons are one of three main groups of this chemical. First discovered in Britain, they are naturally produced by the body's immune system to fight disease.

They occur only in minute amounts, but the advent of genetic engineering provided scientists with large quantities of highly purified material to study and to test in human patients.

Genetic engineering involves transferring genes from human cells into bacteria or yeasts. Under the new genetic instructions these simple microbes will manufacture human proteins. In large fermenters, where conditions are ideal, the microbes rapidly multiply and manufacture vast quantities of human hormones and enzymes once virtually unobtainable.

Alpha interferon was the first of the interferon family to be cloned, as the process is called, by Professor Charles Weissmann at the University of Zurich under contract to Biogen. Schering Plough acquired the rights ot Weissmann's work in 1979 from Biogen and came up with a commercial product, Intron-A.

At about the same time Hoffmann LaRoche began work on its own gene-spliced product, Roferon-A. This was developed in the San Francisco laboratories of Genentech.

The current tug of war started last August, when Biogen announced that the European Patent Office had granted a product patent for Intron-A in Europe. But Roche and Genentech declared that Biogen's interferon was only a precursor, not "mature" interferon.

Hoffman LaRoche waited, then countered on March 5 this year. It won approval from the U.S. Patent Office for a process patent for manufacturing human alpha interferon. This, the company believed, allowed it to exclude others from "making, using or selling" high purity human alpha interferons "no matter how they are made."

Schering Plough, in its turn, issued a statement two days later saying that patent did not bar "the development of sale of Intron A because it falls outside the claims of the Roche patent." Schering and Biogen claim that the Roche patent covers only alpha interferons extracted from human cells, and not the genetically engineered type.

This war of words is a preliminary skirmish, for both companies have applied for much more important patents covering the products themselves, which could settle the issue. These still await approval.

Both companies are well along in clinical trials. Biogen's Press spokesman and vice president Peter Feinstein says the company has tested Intron A in over 4,000 patients.

For Genentech, the outcome of the dispute is not so crucial. Last year the company earned a net income of over $2m, partly from sales of Humulin, the first human product of genetic engineering on the market. Sales of Humulin, marketed by Eli Lilly, grew phenomenally last year in the United States.

Biogen, on the other hand, recorded a loss at year's end of around $13m, and the company is still looking for a commercial winner from genetic engineering. Peter Feinstein admits: "Alpha interferon is important to us. When the two elephants go to war we risk being trampled to death."

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Adhesives

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Many uses are foreseen in the automotive, furniture and packaging industries and several UK car makers are assessing the system. More on 0827 67121.

Materials

Pact to develop aero metal

SUMITOMO CHEMICAL Corporation of Japan this week signed an agreement with Avco Corporation for the joint development of a new, light and hard metal suitable for use in aero engines and fuselages.

The arrangement will run for five years and is aimed at developing a fibre-reinforced metal (frm) based on alumina fibre which Sumitomo commercialised two years ago. The fibre is heatproof and its rigidity is little affected by temperatures if up to 1,250 degrees Celcius.

Avco has already successfully produced frms based on silicon carbide and boron fibre.

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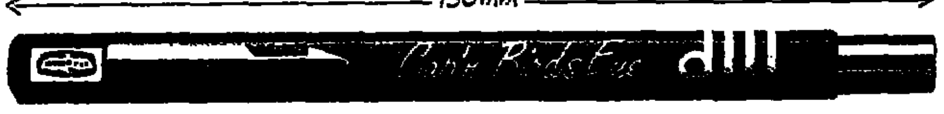

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NOTICE IS HEREBY GIVEN that the Fiscal Agency Agreement dated as of October 15, 1984 between General Foods Credit Corporation (the "Company"), as Issuer and Morgan Guaranty Trust Company of New York, Fiscal Agent, relating to U.S. $80,000,000 aggregate principal amount of 12% Notes Due April 15, 1989 (the "Notes") issued by the Company in the form of a temporary global security in bearer form, without coupons, dated October 24, 1984 (the "Global Security"), and the Global Security have been amended to permit beneficial owners of the Global Security who certify to their status as non-United States persons as provided therein to receive payment of interest falling due on April 15, 1985 or any other interest payment date occurring prior to the date scheduled for exchange of definitive Notes for the Global Security (the "Exchange Date"). The Exchange Date will be May 9, 1985.

For further information regarding this amendment, contact Morgan Guaranty Trust Company of New York, principal paying agent for the Notes, at 30 West Broadway, New York, New York 10015, U.S.A., or at Morgan House, 1 Angel Court, London, EC2R 7AE England.

Dated: April 8, 1985

SWEDISH PHARMACEUTICALS

El-Sayed's vision takes Fermenta into the international league

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

REFAAT EL-SAYED, an Egyptian micro-biologist from Cairo, is scarcely a typical Swedish businessman, but he is arguably one of the most successful.

At the end of 1981 he bought up Fermenta, a loss-making subsidiary of Astra, Sweden's biggest pharmaceuticals group. In the space of three-and-a-half years he has turned it into one of Sweden's fastest growing companies and made it a star performer on an otherwise lack-lustre Swedish stock market.

In 1981, its last year in the Astra group, Fermenta had sales of some SKr 71m ($7.4m) and had been accumulating losses on and off for several years. By 1984 sales had jumped to SKr 449m, while profits soared to SKr 80.8m from SKr 5.1m in 1983.

Fermenta has been transformed by El-Sayed from a one product company making base penicillin into a widely-based producer of pharmaceutical's intermediates. It is the world's biggest free market producer of semi-synthetic penicillins and one of the largest producers of other bulk antibiotics.

In a whirlwind series of acquisitions and joint ventures the company has spread its production operations to the U.S., France, Italy, South-East Asia and the Middle East. Since it was launched on the Stockholm stock market last summer, its shares have jumped by 275 per cent, in a period when the general stock market index has fallen by some 19 per cent.

This year, the company was already forecasting a further jump in sales to around SKr 700m and a virtual doubling of profits (after financial items) to SKr 154m, but that was before El-Sayed pulled off his latest takeover, the SKr 280m acquisition of an 83 per cent stake in Pierrel, a publicly-quoted Italian chemical, pharmaceuticals and consumer products group.

The merger has again doubled the size of the Fermenta concern, and together the two companies are forecasting a consolidated turnover for 1985 of SKr 1.35bn and profits of SKr 274m.

Fermenta acquired Pierrel chiefly for its fine chemicals and pharmaceuticals operations. It already has a preliminary agreement to sell off the company's unwanted consumer products division—mainly dental hygiene and dentristry products, accounting for about one-third of Pierrel turnover—for SKr250-275m, a price not far short of what was paid for the whole group less than two months ago. "It was a golden egg without polish," smiles El-Sayed.

Share issue 15 times oversubscribed

Refaat El-Sayed, 39, bought Fermenta for around SKr 39m after spending many months hunting for backers who would believe in his vision for the company.

With astonishing rapidity, he has become an established part of the Swedish business scene. Behind his desk is a picture of Prince Bertill, the Swedish King's uncle, and leader of countless Swedish trade delegations in which El-Sayed has become a regular participant. Recent trips led by Swedish cabinet ministers have helped Fermenta secure a foothold in several markets in the Far East.

He mortgaged his office in Stockholm, mortgaged his royalty payments on a water purifier invention he had earlier sold to Electrolux, and then borrowed the bulk of the necessary capital from a Swedish bank.

By the time the group was launched on the Stockholm stock market last summer, interest had grown to such an extent that the share issue was 15 times oversubscribed. Fermenta now has a market worth of around SKr 2.5bn, and despite subsequent share-financed acquisitions, Refaat El-Sayed still controls some 78 per cent of the votes and 39.6 per cent of the Fermenta capital.

The pressures of wealth tax payments in Sweden may soon force him to transfer his holding to some form of trust, but he will maintain control.

El-Sayed's breakthrough in Sweden appears sudden, but he has been following the bio-technology sector for many years and has had time to pinpoint likely acquisition targets around the world.

One of a family of 14—the family assets were taken over by the state during the rule of President Nasser—El-Sayed arrived in Sweden in 1964 to study at Uppsala University. He took his doctorate in micro-biology at the University of California in Davis, before returning to Sweden in 1973 to start his own business.

He first put his knowledge of micro-biology to work as an inventor and consultant building up his own research and development company, Micro-Chem. He has 29 patents for different inventions, including the water purifier sold to Electrolux.

Electrolux, the Swedish household appliances group, has played an important role. It loaned El-Sayed money to help fund the original purchase of Fermenta, and Mr Gösta Bystedt, chief executive, is chairman of the Fermenta board.

Refaat El-Sayed, an untypical Swedish businessman, has turned a lossmaker into one of Sweden's fastest-growing companies—making it a star performer on a lacklustre stock market—in just three-and-a-half years. He has become an established part of the Swedish business scene with astonishing rapidity and has attracted leading industry figures to his board

El-Sayed has attracted some of the heavy names in Swedish business to his board, including Bystedt, Ulf Widengren, chief executive of Astra, and Ove Sundberg, until recently managing director of KemaNobel, Sweden's leading chemicals company.

Electrolux has been paid back handsomely for its early faith. A share option tied to its original SKr 2.5m loan has given it a 16.2 per cent stake in Fermenta currently worth some SKr 398m.

Fermenta's original attraction for El-Sayed, who is now being lauded as one of Sweden's most successful entrepreneurs, lay in its fermentation capacity, a traditional plant for producing base penicillins, a raw material for antiobiotics.

The plant as such did not represent anything radically new in bio-technology, but it offered established production capacity and knowledge on an industrial scale in contrast to the laboratory-scale experimentation that still characterises much of the activity in bio-technology.

"It takes perhaps two years to produce a micro-organism, but then another 10 years to put it into large-scale production," he says.

The production solely of base penicillins—commodity products which are subject to often uncomfortable fluctuations in world prices—was not a very promising business, but Fermenta's new owner saw it as the starting point in the production chain towards higher value-added semi-finished pharmaceuticals and as a base for developing new products in veterinary medicine and feed additives.

A rapid series of acquisitions in the last two years has filled in many of the missing links. Fermenta has bought access both to substantial additional fermentation capacity around the world and to organic chemical production facilities, essential for manufacturing more sophisticated semi-synthetic products.

The acquisitions include:

- The $6.5m takeover in 1983 of a French fine chemicals producer from the U.S. Squibb pharmaceuticals group;
- Purchase for $7.5m of additional fermentation capacity in the U.S. from the Wyeth pharmaceuticals group;
- Acquisition in 1984 for $15m of Pro Chin Re in Italy, financed through a share issue, in a deal offering both fermentation capacity and a wider range of bulk antiobiotics including cephalosporins, penicillins and tetracyclines;
- Again from Wyeth in the U.S., the $8.5m purchase of a semi-synthetic penicillin plant; and
- The most recent addition, Pierrel in Italy, which takes Fermenta into other antibiotics—chiefly erythromycin—as well as vitamins and artificial sweeteners.

As another way of securing markets for its base products, Fermenta has entered into a series of joint ventures with pharmaceutical companies in developing countries such as Taiwan, South Korea, India and Egypt, supplying both technology and raw materials for processing.

Not surprisingly this wave of activity has raised important questions about the staying power of both Fermenta and its mercurial owner. The company has grown at breakneck speed, and El-Sayed has kept up a punishing schedule.

"He does not know when to slow down," says one banker close to the group, "and it is a question whether the company could survive without him."

Fermenta has grown at spectacular speed without ruining its balance sheets, however. A series of share issues as well as soaring profits helped equity and reserves to jump to 40 per cent of total capital by the end of last year, compared with a dangerously low 6 per cent at the end of 1983.

A platform has been established from which Fermenta has even been able to open negotiations on a possible merger with KabiVitrum, the Swedish state-owned pharmaceuticals company, which would double its size again.

Merger talks opened with KabiVitrum

El-Sayed is running into stiff opposition from the trades unions and KabiVitrum management, but he has not yet abandoned the hunt.

A merger with KabiVitrum would take Fermenta more firmly into finished pharmaceuticals, an area where El-Sayed said he had no ambitions as recently as last summer, on the publication of the share prospectus. KabiVitrum has annual sales of around SKr 1.5bn, and is seeking to integrate advanced biotechnological techniques into the production of pharmaceuticals.

The Egyptian entrepreneur has proved himself a talented amateur footballer in Stockholm's fourth and fifth divisions, when the pressures of business have allowed. "He never gives up," says the team leader of Stockholm IF. "He is stubborn; he always comes back and never knows when he is beaten."

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Gold mining companies managed by

Golden Dumps
(PROPRIETARY) LIMITED

Reports of the directors for the quarter ended 31 March 1985

CONSOLIDATED MODDERFONTEIN MINES LIMITED
(Incorporated in the Republic of South Africa)
Issued share capital: R1 072 000
Divided into 21 440 000 ordinary shares of 5 cents each

	Quarter ended 31.03.1985	Quarter ended 31.12.1984	9 months to 31.03.1985
OPERATING RESULTS			
Underground			
Ore milled – tons	135 308	114 898	359 337
Gold recovered – kilograms	891,7	736,5	2 314,6
Yield – grams per ton milled	6,59	6,41	6,44
Revenue – per ton milled	R124,49	R120,78	R117,67
Working costs – per ton milled	R46,06	R46,04	R45,95
Working profit – per ton milled	R78,43	R74,74	R71,72
Gold price received – per kilogram	R18 891	R18 842	R18 269
– per ounce	$300	$335	$323
Working costs – per kilogram	R6 990	R7 183	R7 133
– per ounce	$111	$128	$127
Surface material			
Sand treated – tons	3 000	2 110	10 024
Gold recovered – kilograms	5,5	2,8	15,5
Yield – grams per ton milled	1,83	1,33	1,54
FINANCIAL RESULTS (R000)			
Underground			
Revenue from gold and silver	16 845	13 877	42 286
Working costs	6 233	5 290	16 511
Working profit	10 612	8 587	25 775
Surface material profit	47	30	123
Sundry revenue	150	160	430
Operating profit	10 809	8 777	26 328
Net interest received	1 142	981	2 828
Net profit	11 951	9 758	29 156
Capital expenditure	4 415	3 608	11 267
Dividend	–	7 504	7 504
DEVELOPMENT			
North-East Prospect Shaft – Black Reef			
Advanced – metres	1 737	1 453	4 292
Sampled – metres	552	280	1 076
Payable – metres	258	98	420
Channel width – centimetres	81	72	88
Average value – grams per ton	30,6	21,6	24,8
– centimetre grams per ton	2 480	1 557	2 186
No. 14 Shaft – Kimberley Reef			
Advanced – metres	1 803	1 985	5 285
Sampled – metres	479	848	1 853
Payable – metres	79	253	444
Channel width – centimetres	155	117	127
Average value – grams per ton	9,6	6,7	7,4
– centimetre grams per ton	1 488	780	936

CAPITAL EXPENDITURE
The unexpended balance of capital expenditure voted by the Board amounted to R2 080 000 at 31 March 1985.

T. L. GIBBS
L. C. POUROULIS *Directors*

12 April 1985

SOUTH ROODEPOORT MAIN REEF AREAS LIMITED
(Incorporated in the Republic of South Africa)
Issued share capital: R5 600 482
Divided into: 1 562 715 ordinary shares of 56 cents each
8 438 145 10% automatically convertible participating cumulative preference shares of 56 cents each

	Quarter ended 31.03.1985	Quarter ended 31.12.1984	9 months to 31.03.1985
OPERATING RESULTS			
Ore milled – tons	76 048	78 524	235 471
Gold recovered – kilograms	355,1	375,1	1 103.7
Yield – grams per ton milled	4,67	4,77	4,69
Revenue – per ton milled	R87,36	R90,90	R85,71
Working costs – per ton milled	R58,95	R52,31	R54,39
Working profit – per ton milled	R28,41	R38,59	R31,32
Gold price received – per kilogram	R18 707	R19 030	R18 286
– per ounce	$300	$334	$325
Working costs – per kilogram	R12 625	R10 952	R11 604
– per ounce	$202	$192	$206
FINANCIAL RESULTS (R000)			
Revenue from gold and silver	6 643	7 138	20 182
Working costs	4 483	4 108	12 807
Working profit	2 160	3 030	7 375
Sundry revenue	21	25	75
Dividends received	145	–	254
Operating profit	2 326	3 055	7 704
Net interest received	316	245	693
Net profit before taxation	2 642	3 300	8 397
Provision for taxation	28	–	29
Net profit after taxation	2 614	3 300	8 369
Capital expenditure	851	962	2 612
Dividends	–	1 963	1 963
DEVELOPMENT			
Ventersdorp Contact Reef			
Advanced – metres	1 139	1 170	3 502
Sampled – metres	420	567	1 573
Payable – metres	164	113	339
Channel width – centimetres	133	128	120
Average value – grams per ton	7,9	8,2	8,5
– centimetre grams per ton	1 062	1 047	1 018
Kimberley Reef			
Advanced – metres	1 110	1 404	3 828
Sampled – metres	419	337	1 176
Payable – metres	246	114	496
Channel width – centimetres	193	199	189
Average value – grams per ton	5,7	6,1	5,9
– centimetre grams per ton	1 102	1 213	1 126

CAPITAL EXPENDITURE
The unexpended balance of capital expenditure authorised by the Board at 31 March 1985 was R2 075 000.

H. B. MILLER
L. C. POUROULIS *Directors*

12 April 1985

New Issue

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April 11, 1985

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THE PROPERTY MARKET

BY MICHAEL CASSELL

Battle of Brighton builds up steam

THE BATTLE to redevelop 17 acres of derelict land next to Brighton railway station is about to reach its climax.

The major town-centre site has been empty since the last war but now the borough council has resolved to determine its future before the end of this month. Two developers, Chesterfield Properties and MEPC, have submitted competing schemes and, with a planning decision imminent, both are pledging a fight to the finish.

Chesterfield, which has unveiled plans for a £45m complex embracing 185,000 sq ft of retail space, a wholesale market, nearly 300,000 sq ft of offices and 490 homes, reckons the way is clear for the council to give it outline consent. MEPC wants to develop around 500,000 sq ft of retailing, including a 250,000 sq ft department store, a superstore and 100 shops. It says that if it fails to win planning permission, then it is prepared to take the decision to an appeal.

In a story spanning decades of indecision, the latest chapter began two years ago when British Rail, East Sussex county council and Brighton borough council—joint owners of the site—promoted a development competition. MEPC, which has had its eyes on the site for the best part of 10 years, and Chesterfield emerged as the front-runners.

The local council was unable to decide which scheme to support but, after a local public debate, came down in favour of the Chesterfield plan. Immediately afterwards, however, British Rail—the major landowner—came out in support of MEPC.

The two developers duly submitted their proposals and this January the council said it "was minded" to grant consent to Chesterfield, given clarification of certain highway matters. Yesterday David Hall of Chesterfield said these had been resolved and the way was clear for Brighton to grant outline consent in the next few weeks.

Brighton's principal objection to the MEPC plan is its sheer scale and its likely impact on the town's existing traders. The borough planning officer has called the proposal for such a major addition of shopping space as "disastrous."

While Roger Squire at MEPC admits that Brighton "appears to prefer" Chesterfield's plan he emphasises BR's continuing support for the MEPC proposals: "If our scheme is refused, we are prepared to go to appeal with the full support of BR behind us. If we win that, we accept that the local council's part-ownership of the site could cause problems. We will worry about that, however, after we win the planning fight."

Dominant Hammerson

THE HAMMERSON GROUP has paid about £11.5m for the 125-year head leasehold interest in Dominant House, Queen Victoria Street, in the City of London.

The 100,000 sq ft building is occupied by a number of tenants, including Lloyds Bank International and British Telecom. Hammerson, which has acquired the building from Hitchcock Williams and already owns the Brooks Wharf complex nearby, says there is longer-term potential for the comprehensive refurbishment or complete redevelopment of what is virtually an island site. Baker Harris & Saunders and Donaldsons acted for Hammerson and Richard Ellis represented the vendors.

● Teesland group, in association with Balfour Beatty, has been selected by Kingston upon Hull council to develop a 185,000 sq ft retail scheme at Princes Dock in the city. Detailed plans will be submitted in June.

● Abercorn Properties, part of Charter Consolidated, has sold a four-acre development site in Ashford, Kent, to Town and City Properties for over £5m. The site assembled by Abercorn has planning permission for 150,000 sq ft of retail floorspace. Healey and Baker and Hillier Parker are letting agents. Development starts in June.

Business park for Blue Circle

BLUE CIRCLE INDUSTRIES is to develop 300 acres of derelict land in north-west Kent, adjoining the M25 motorway, as a business park.

The decision is the latest by a major industrial group to take advantage of the approaching completion of London's orbital motorway by converting redundant land adjoining the motorway into a major, money-spinning asset.

At the end of last year, Amey Roadstone unveiled £75m plans to develop a shopping centre on worked-out gravel pits alongside the M25 in Berkshire while the Pearson Group, in conjunction with Capital and Counties, is seeking permisison to build a 1m sq ft-plus retail centre on land it owns at Thurrock, in Essex.

Now Blue Circle has decided to go ahead with Crossways 25, a business park situated on a site adjoining the southern approach to the Dartford tunnel, once rough farmland and the home of a Blue Circle cement works.

Planning permission for the project has been obtained and Blue Circle also intends to develop a new roll-on roll-off ferry terminal on another part of the land.

Nick Crowley of Blue Circle says the park will offer a full range of development options. Fully serviced sites on long leases will be available for companies wanting to develop their own buildings or units will be developed to meet specific requirements and leased or sold on completion.

Blue Circle does not intend to act merely as land owner and will also be developing speculative units, the first of which should be available this autumn. The group says the ferry terminal and the business park will combine to offer a base for distribution companies moving freight in the south east and across the North Sea.

Big increase in London office take-up

CENTRAL LONDON office markets experienced a sharp increase in letting activity in 1984, although demand and new development turned down again in the second half of the year.

The latest Central London Offices Research report from Jones Lang Wootton confirms the view that 1984 saw the start of a significant revival in some of the capital's office markets. Despite the year-end hiccup, however, there is now plenty of direct evidence that the improving trend has resumed, with tenant concessions becoming less substantial and rental growth reappearing.

The CLOR report calculates that 10.4m sq ft of office space was taken up by occupiers during the year, a 21 per cent increase on 1983. Even given the fall-off in demand in the second half, take-up levels remained historically high.

While demand for space was rising, the total of office floorspace completed during the year rose by 5 per cent over 1983 levels to 3.9m sq ft. But the rate of new development starts fell back, reflecting earlier weaknesses in the market.

According to CLOR, the number of new 10,000 sq ft-plus schemes started in the central London market fell back from 53 (3.2m sq ft) in the first half of the year to 39 (1.5m sq ft) in the second half. The 53 per cent reduction represented the largest drop recorded since CLOR was set up in 1981. The rate of construction is, however, set to rise again by 1986.

● County and District Properties, part of the Costain group, has let its 21,000 sq ft office development at London Road, Hounslow, to Prime Computer (UK) at a rent approaching £300,000 a year.

● National Girobank has signed a funding agreement with Wigan Metropolitan borough council for a £12m redevelopment in the town centre. It is being carried out by the council's development partners, Northern England Development Associates and CIN Properties.

Victoria perks up as space dwindles

HUMPHREYS & GLASGOW has taken 55,000 sq ft of floorspace on five floors at New Portland House, the Associated Portland Cement building in London's Victoria. The oil process engineers, through Herring Son & Daw, have agreed a rental of £15 a sq ft for space in the building which has been extensively refurbished and which Blue Circle are due to vacate later this year. Gooch & Wagstaff, the letting agents at Stag Place, say that around 150,000 sq ft of space remains available at an asking rent of around £16 a sq ft. Four or five other floors are the subject of discussions with potential tenants.

Tony Parrack of Gooch & Wagstaff reckons the Victoria market is at last picking up as occupiers compare accommodation costs with those in the City and West End. Large chunks of space remain available, however, not least Sovereign House, part of the Townsend Thoresen portfolio now owned by Stockley, and Victoria Plaza, Greycoat London's 200,000 sq ft office complex where the first letting—of a half-floor—has been agreed.

● Clayform Properties has merged with Russell Management in advance of its debut on the USM, timed for April 23. Clayform, headed by David Hyman and with a 21 per cent stake held by Electra Investment, has used Russell's project management division on most of its recent developments.

● The City of London Corporation has given itself planning permission to redevelop one of its own properties. Number 107 Fenchurch Street and the adjoining 1 Fenchurch Buildings will be rebuilt to provide 7,600 sq ft of lettable office space and 3,700 sq ft of retail floorspace.

● Lancashire County Council has paid £1.5m for Cobden House, the 17,000 sq ft office building completed last year in Cheadle Hume by House of Orange and let, at £100,000 a year, to Shell (UK). Dunlop Heywood acted for the developers and Knight Frank and Rutley represented the buyer.

● London & Metropolitan Estates has let its 16,500 sq ft Abinger House office building at Dorking to Cleanaway at an initial rent of £165,000 a year and the investment has been sold to Australian Mutual Provident Society for around £3m. Hoddell Stotesbury acted for the developers in the sale and Howell Brooks represented AMP. Letting agents were Richard Ellis, Butler Forsyth and Shearer Harris.

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5
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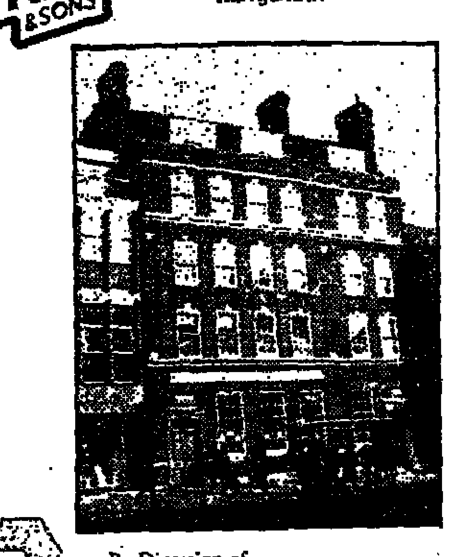

By Direction of
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4/5/6 BROAD STREET, READING

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● A major Business Property Report on the North West Region
● Plus news & views of all aspects of property
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The above Survey, originally due to be published today, is now scheduled for publication on:

FRIDAY, MAY 3, 1985

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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Approximately £600,000. Good rate of interest paid. Participation would be considered.
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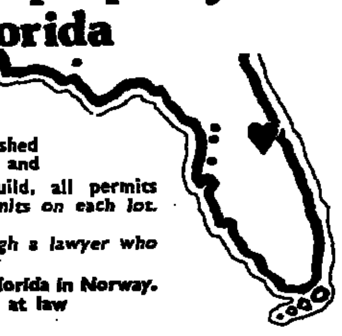
3 MULTI FAMILY LOTS



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Buy your property safe through a lawyer who is also
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LET TO
NATIONAL COVENANT
IN SCOTLAND
For further details
telephone 031-226 2500

SWITZERLAND
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New government regulation no longer permits foreigners to buy apartments in Montreux, except for those developments approved last year. Approval has been granted for lovely residence, directly on Lake Geneva, with several magnificent apartments available. Liberal financing.
For information: Globe Plan S.A. Av. Mon-Repos 24, CH-1005 Lausanne, Switzerland Tel: (021) 22 35 12 Telex: 25 185 MELIS CH

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FOR SALE
195 rooms, convention facilities, tennis courts in- and out-door swimming pools, tee No. 1 and 18th hole right at Hotel's main entrance, yet close to beach. Write PO Box 287, San Pedro de Alcántara, Marbella, Málaga, Spain.
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Contact developers directly:
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or Telex: 68686 CALIU E

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CHEAM. JUST 32 MILES FROM LONDON! Superb new offices 1,266-5,195 sq. ft. To Let or For Sale. Own Car Park. Outside railway station. Full details: Leonard Green & Co., 01-248 6047.

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Investments For Sale

KENT. Freehold office investment near Sevenoaks with one first class tenant. Rent £10,500 p.a. F.R.I. lease. Review 1988. Price £150,000 p.a. Full details from Harvey, Elend & Co., Station Road, Longfield, Kent, DA3 7QA. Tel. (04747) 2406/5568.

Company Notices

US $75,000,000
Hydro Quebec 10⅛%
Debentures Series DN
due 15th May 1979/99
Debentures covering US$2,000,000 have been purchased on the market to satisfy the Purchase Fund due 15th May 1985

Public Notices

SCHEDULE 3
TOWN AND COUNTRY PLANNING ACT 1971
NOTICE UNDER SECTION 26(2)
PROPOSED DEVELOPMENT AT 10-12 EASTCHEAP, LONDON EC3
NOTICE IS HEREBY GIVEN that Application is being made to the Common Council of the City of London, by ... for Planning Permission in respect of the construction of Offices and a Restaurant.
A copy of the Application and of the plans and other documents submitted with it may be inspected at the offices of The Whitney Mackay-Lewis Partnership ... at all reasonable hours until 2nd May 1985.
Any owner of the land who wishes to make representations to the above mentioned Council about the Application should make them in writing by the 2nd May 1985 to The Town Clerk at City of London, P.O. Box 270, Guildhall, London EC2P 2EJ.
Signed: A. J. P. JANSZ on behalf of The Whitney Mackay-Lewis Partnership
Date: 10th April 1985

APPOINTMENTS

Vice-chairman of British Rail

Mr Geoffrey Myers has been appointed vice-chairman of the BRITISH RAILWAYS BOARD. He has been director of strategic studies at BR and one of two joint managing directors. Among his previous posts were those of divisional manager at Sheffield and later general manager of Eastern Region.

★

Mr Douglas C. Stuart, financial director, has been appointed managing director of the LEIGH INSTRUMENTS (UK) group following the retirement of Air Commodore C. R. Brown.

★

The **Marchioness of Hartington** has been appointed to the board of DEVONSHIRE ARMS (BOLTON ABBEY). This company manages the Yorkshire hotel property belonging to the trustees of the Chatsworth Settlement.

★

MOTHERWELL BRIDGE TACOL has appointed **Mr John Stevenson** and **Mr Brian Jones** to the board.

★

Mr Paul Blundell becomes group managing director of MERLIN PROFILERS from May 1. He takes over from **Mr Michael Doherty** who is leaving to pursue a new business venture. Mr Blundell is currently managing director of Merlin Profilers (Processing).

★

Mr Rodney Spencer has been appointed chairman of the TIPTON & COSELEY BUILDING SOCIETY. He succeeds **Mr John A. Parker** who will continue to serve as a director. Mr Spencer is a partner in Clement Keys & Co. and has been vice-chairman of the Tipton & Coseley for the past two years.

★

Mr Rod Burns has been appointed operations director of HANSON TRANSPORT, Huddersfield.

★

Mr Guy P. C. Krayenbrink has retired as chairman of WILLIAM DAWSON (HOLDINGS) and as chairman of its 50 per cent associate, Surridge Dawson (Holdings). **Mr Dennis H. Baker** has been appointed chairman of William Dawson and **Mr William Hall** chief executive of William Dawson, has been appointed chairman of Surridge Dawson. Mr Krayenbrink remains on the William Dawson board as a non-executive director.

★

Mr Ray Harwood has been appointed divisional director of ALFRED McALPINE PROPERTIES. He has also been appointed to the executive committee of the board of Alfred McAlpine.

Alfred McAlpine Properties is the principal company controlling the group's property activities, whose main subsidiaries are Whyatt Securities, Whyatt Properties, Whyatt Developments and Hopton Securities. Mr Harwood remains managing director of these companies.

★

Simon Engineering has sold a subsidiary, SIMON-VICARS, which makes biscuit and confectionery machinery. The new owners are a management team led by the present chairman of the company, **Mr A. J. Lomas**, and the managing director, **Mr J. V. Carr**.

★

Mr Gijsbert Jaap Rijkeboer has become general manager of THE BRADFORD EXCHANGE.

★

Mr V. P. Emmerson, general manager of Matthey Electronics, has been appointed to the board of its parent company MATTHEY PRINTED PRODUCTS, part of the Johnson Matthey Group.

★

CHARNOS has appointed **Mr T. H. Hutton** as executive director. He was finance director of the GEC's Express Lift Co.

★

EUROFI (UK) has opened an office at Leeds where **Mr Trevor Nuttall** becomes director, northern region. He was director of the Yorkshire and Humberside Development Association. **Mr Terry Goddard** has been appointed associate director.

★

Mr Nigel Bussy has been appointed merchandising director of POSTAL CENTRES (INTERNATIONAL), part of the Taylor Harrison Group. He was marketing manager of Servowarm Central Heating.

★

Sir Russell Fairgrieve has joined the board of ABERDEEN CONSTRUCTION GROUP as a non-executive director. Sir Russell was an under secretary of state for Scotland. He is currently a director of William Baird and Co, Bain Dawes (Scotland), and a consultant to Saatchi and Saatchi.

★

McCORQUODALE has established three new companies—McCorquodale Security Products, McCorquodale Commercial Products, and McCorquodale Publishers Products. **Mr H. N. McCorquodale**, a director of McCorquodale, will be chairman and managing director of McCorquodale Commercial Products, **Mr J. O. Letton** and **Mr D. P. K. Christian** will be divisional directors, and **Mr A. M. Todd** commercial and development director. **Mr H. R. Wyatt**, a director of McCorquodale, will be chairman and managing director of McCorquodale Security Products, **Mr R. Carter**, **Mr A. S. O. Houchen** and **Mr D. A. Holland** will be divisional directors. **Mr E. H. L. Wallace**, a director of McCorquodale, will be chairman of McCorquodale Publishers Products, **Mr P. Medley**, **Mr K. Clarke** and **Mr R. J. Beese** will be divisional directors, and **Mr G. Dunks** commercial and development director.

★

Mr E. H. Sharp has been appointed deputy chairman of DEVITT GROUP and **Mr J. M. Horwell** has been appointed chief executive in succession to **Mr P. R. Lawrence** who remains chairman.

★

CELESTION INTERNATIONAL has appointed three new directors: **Mr G. Bank**, **Mr E. W. Form** and **Mr R. I. Poet**.

★

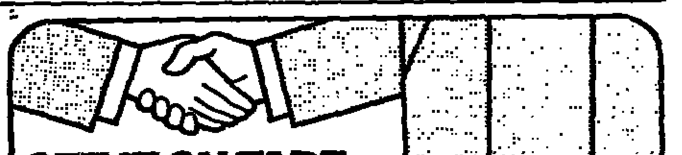
Mr David Ives has joined the board of HILL SAMUEL PENSIONS INVESTMENT MANAGEMENT. He was formerly a director of Lazard Securities.

★

ALFRED DUNHILL, a subsidiary of Dunhill Holdings, has appointed **Mr Alan Catling** to the new position of marketing director, with overall responsibility for the division's public relations, advertising and marketing activities. He was a vice-president with Young & Rubicam in New York.

★

Following the annual meeting on May 23, **Mr William Jerome** will retire as chairman of S. JEROME & SONS (HOLDINGS) and will be succeeded by **Mr Alan Jerome**, currently deputy chairman. Mr William Jerome will remain on the board in an executive capacity.



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Contracts & Tenders

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploitation Company)

NOTICE OF NATIONAL CALL FOR TENDERS

NUMBER 1144/1J/MEC/

The National Oil Exploration Company is launching a National and International open Call for Tenders for the supply of the following:

Lot no. 1 spare parts for engine DEUTZ—B.A. 6M/816
Lot no. 2 spare parts for engine DEUTZ—B.A. 12M/816

Tenderers interested in this Call for Tenders may obtain the specifications for the sum of 400.00 Algerian dinars from the following address:—

Entreprise Nationale des Travaux aux Puits
16 ROUTE DE MEFTAH, OUED-SMAR, EL HARRACH, ALGIERS, ALGERIA.

Direction des Approvisionnements [Supplies Division]—with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a *double-sealed envelope*, by registered mail, to the secrétariat de la Direction Approvisionnements [Secretariat Supplies Division] at the above address.

The outer envelope should not bear any mark that might identify the tenderer or any heading, and read "Appel à la concurrence International numéro 1144/1J—confidential—A ne pas ouvrir." [*International Open Call for Tenders number 1144/1J*—confidential—Do not open].

Tenders must be received 45 days at the latest from the date on which this notice is published. Selection will be made within 180 days of the closing date of this Call for Tender.

Company Notices

Notice of Redemption
METAL SA (formerly LE NICKEL)
7% 1971-1986
Dol.U.S. 20,000,000.—

Luxembourg, April 12, 1985

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9¾% Sinking Fund Debentures 1989

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The Fiscal Agent
BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A.

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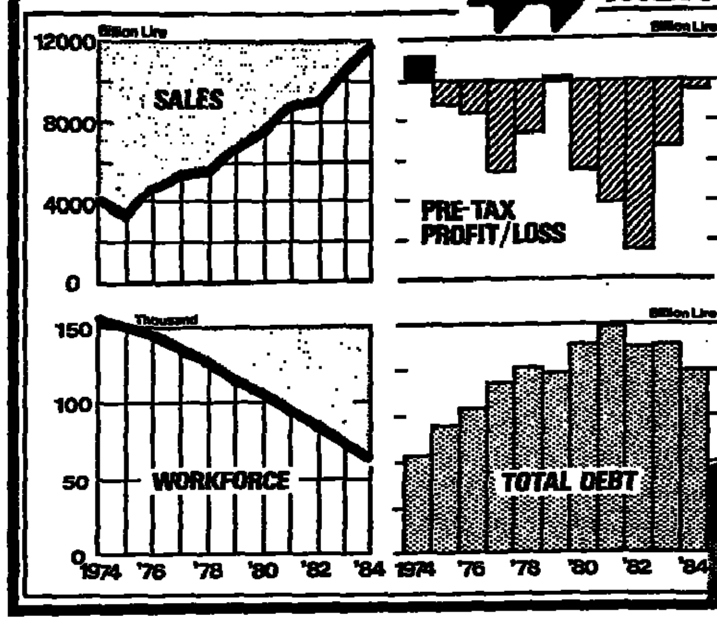
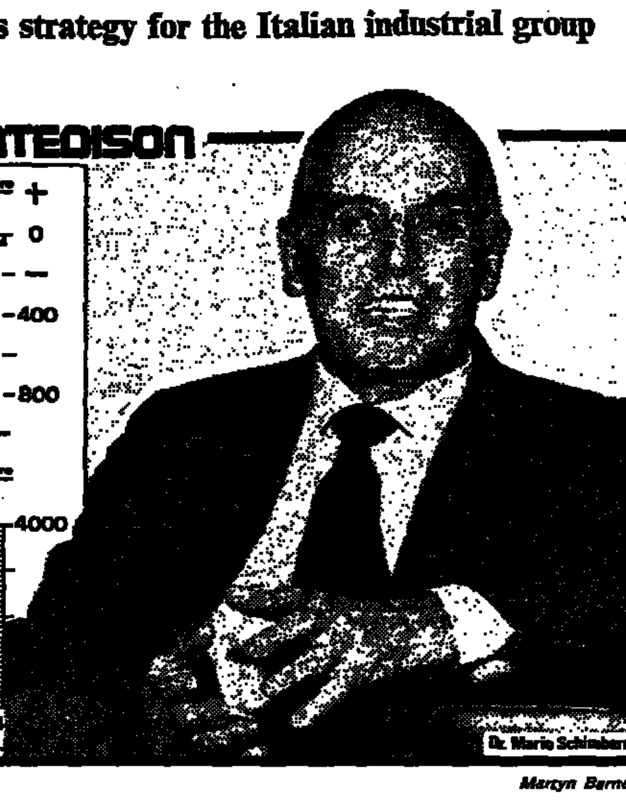
THE MANAGEMENT PAGE

Montedison

Putting wrongs to right

Alan Friedman explains Mario Schimberni's strategy for the Italian industrial group





Dr. Mario Schimberni

Martyn Barnes

WHEN, in 1980, Dr Mario Schimberni became the president of Montedison, Italy's giant chemicals, health care and energy group, the Milan-based company was a byword for the political, industrial and management problems of Italian heavy industry. Montedison, as the Harvard Business School put it in a case study last year, was a "financial disaster." With the exception of a tiny 1979 profit, the group has been a chronic and large-scale loss-maker; in the last ten years its losses have totalled L3,299bn ($1.6bn at current exchange rates).

Absolutely everything which could be wrong with Italy's second biggest private sector employer was wrong. The company was manipulated by political parties in the dark days of the 1970s; it was forced to make uneconomic investments and acquisitions in fields as far flung as banks and newspapers; it faced an impasse with trade unions; it was hit by a slump in the world chemicals industry; it was haemorrhaging financially with a nearly fatal debt burden and it lacked any semblance of a coherent development strategy.

The change which Schimberni and his team of Italian and foreign top executives has wrought at Montedison is so striking that the company must surely now rank as one of the key turnaround stories of Italian post-war corporate history, along with other major turnarounds such as Fiat and Olivetti.

In the view of Schimberni, who has more than anyone else changed Montedison from a politically active and poorly organised loss-maker into a politically neutral and profit-orientated corporation, the "fundamental" first step was to liberate his company from a 17.5 per cent government stake held by the IRI and ENI state holding groups. The IRI-ENI interest, although a minority stake, meant political interference and effective majority control of decision-making. "At a time when we needed to restructure businesses and achieve a professional management structure, there were too many social-political interests at play," Schimberni recalls. Between 1968 and 1980, for example, there were no fewer than six different Montedison chief executives.

Schimberni is too polite to speak of the Byzantine escapades inside Montedison during the chairmanship of his predecessor, Dr Eugenio Cefis, who ran the company, not from its headquarters in Milan, but from a palazzo formerly belonging to the Visconti family on the other side of the city.

In June 1981, one year after Schimberni took over as president, he negotiated a vital private buy-out of the government stake. This led to an industry rationalisation involving the sale to ENI of most of Montedison's commodity petrochemicals plants, which took the company out of ethylene and polyethylene production. The result was that ENI became the Italian leader in those areas and Montedison became the lead in polypropylene.

Howard Harris, Montedison's vice-president for strategy, was a turnaround specialist recruited in 1982 from the United States. "In the past," says Harris, "Montedison was viewed by the politicians as a major source of economic power and chose to view itself in those terms."

Harris says that Schimberni "was absolutely visceral in his determination to keep out political influence." Once the state share had been sold to a consortium of private sector establishment leaders such as the Agnellis, Pirellis, Bonomis, Orlandos and Mediobanca, the merchant bank, "we had a free hand to reorganise the group's product lines, sell off loss-makers and change the management."

A key move was to recruit new top management and to reduce the group's overblown workforce, which in 1980 numbered 105,532 and is now 63,000. The dismissal of thousands of workers, particularly in the chemical sector, was a difficult task and led to confrontation with unions and politicians. Schimberni, meanwhile, gave Harris the go-ahead to conduct a sweeping strategy review and by early 1982 had created a new structure consisting of seven autonomous operating companies and Montedison as a holding company.

Schimberni says his objectives in those early days were the following: to establish a clear strategy, pick the right executives and pick them "regardless of nationality," to focus on profit "rather than political interests," and to restructure the group both industrially and financially. That, according to Schimberni, meant "flexibility and disinvestment from unprofitable business areas and a large number of redundancies." Above all, he sought to create what he calls "management homogeneity"—a codeword for a management team which understands the group objective and works together towards it.

These sentiments are fine, but Montedison was in the throes of a crisis which threatened the group with ruin. The group's 1981 debt totalled L4,955bn, which was 14 times the size of net equity. The following year, in 1982, Montedison made a record L859bn loss on L9,019bn of sales.

"To stay alive we were rapidly dismembering the asset base, and not in a particularly strategic fashion. It was a short-term focus on survival," explains Harris.

The 1982 strategic review identified Montedison's portfolio holdings, ranging from base chemicals to fertilisers to retail holdings to health care, energy and the loss-making synthetic fibres business. The result was a list of 86 business areas which the Schimberni team divided into five categories: growth businesses, "cash cow" businesses, non-strategic candidates to be divested in order to raise cash. Loss-makers to be sold in order to reduce the cash drain and what Harris calls "the twilight zone" — businesses which either did not fit into the group strategy (such as newspapers) or which were loss-makers and could not be sold (such as pesticides, the only subsidiary still in the red today).

At the same time the Schimberni team set about dealing with the financial resructuring of Montedison. A L640bn rights issue (which was greeted with indifference by the Milan bourse) boosted share capital in 1981 to L966bn. This brought in a consortium of banks which acted as underwriter and was forced to take up shares when the offer flopped.

Last year saw an important L142.3bn issue of bonds convertible into equity and a reorganised share structure designed to reduce the number of shares (5.7bn) held by Montedison's 93,000 shareholders. Total debt is now down from its 1981 peak of nearly L5,000bn to L4,000bn, but, in the view of Dr Lino Cardarelli, group managing director in charge of finance, it is still far too high.

To combat the debt burden, Cardarelli says Montedison expects to sell off around L1,000bn of assets and property over the next 18 months to two years.

Another strategy, which Schimberni says he prefers to group fund-raising, is the floating of Montedison's companies on the equity markets. The issue last year for Selm, Montedison's energy business, with interests ranging from hydroelectric plants to refineries to a 30 per cent stake in the Vega offshore oil fields, was one such example. Another was the 1983 New York Stock Exchange issue for Erbamont, which contains all of Montedison's health care interests. And later this year or early in 1986 there are plans for Montefibre, Italy's largest man-made fibres group, to seek a listing on the Milan bourse.

Montefibre is a good example of the Schimberni restructuring technique. The company, 57 per cent owned by Montedison, has cut the number of employees from 27,000 in 1977 to just under 5,000. In 1984 it made its first profit (L10bn) in ten years.

Montefibre has closed down four of its eight plants, has pulled out of nylon production and is reducing its L500bn debt burden—the stock market issue is designed to raise at leas L500bn.

Among other key changes cited by Schimberni in his reorganisation of Montedison have been the abolition of the group's international division ("I want each sector to think of a world market, not a domestic one") and finally, a new management structure unveiled a fortnight ago.

The idea of a new structure is to create autonomous and, to the extent possible, self-financing profit centres with day-to-day decision making decentralised. This leaves the Mintedison holding company free to concentrate on global strategy and major financial decisions such as the important 1983 agreement under which Montedison teamed up on a 50-50 basis, with Hercules, a leading U.S. chemical company, to form Himont, a polypropylene maker with 20 per cent of the world market and $909m of sales last year.

Under the new Montedison management structure the group's 86 different "business areas" are divided into 41 separate industrial sectors which are to be run by the nine managing directors who will report to the Montedison holding company's top management. Schimberni says that when he arrived at Montedison he found two vice-presidents and five managing directors in the holding company alone. "I have tried, without trauma, to achieve a new structure with myself, a vice-chairman and only two managing directors at the holding company, one for finance and the other for industry. The most important goal now for us is to be business oriented," notes Schimberni.

The nine managing directors at the operational level are responsible for energy, petrochemicals, and plastics, synthetic fibres, fertilisers, functional chemicals, special materials, health care, consumer products and other products and services such as the Standa retailing business.

Despite the enormous reorganisation already accomplished, Montedison is not yet out of the wood. True, its 1984 loss was reduced to a relatively small L40bn and projections call for a net profit this year. But Schimberni acknowledges the following remaining problems:

- The debt burden is still excessive.
- The management of international marketing and sales requires an improved geographical strategy.
- The disposal of more assets and streamlining of businesses requires close attention on the part of top management.
- Decision making still needs to become more flexible.
- The group needs to provide the outside world with more information in its accounts and about its business activities.

Although saying there is no concrete plan, Schimberni does not exclude a listing for Montedison on the New York Stock Exchange, possibly accompanied by a capital raising exercise. And noting that the Italian banks which subscribed to the 1981 rights issue still own the largest chunk of Montedison (40 per cent), Schimberni says he wants to dilute their participation.

Clearly Montedison still needs to increase its capital, in part to bring down its gearing ratio from its present 3.2:1 level. Analysts reckon the group could wait for some promising 1985 results to launch a new issue on the Milan bourse.

Meanwhile, at the Montedison top management suite of offices, Howard Harris says: "The days are long." He notes with pride and relief that Montedison has emerged from crisis and says this means it will be possible for top management to loosen the reins a bit.

At the operating level, a senior division director who did not want to be named smiled a cynical smile when asked about the contrast between the old style and the Schimberni approach. "Day and night. We were living through hell before, a shambles," he comments, adding that, "at least now we are back on our way, fingers crossed."

Business courses

Vat: the dramatic changes and perpetual oversights, London. April 25. Fee: ESC Members £147.20; non-members £172.50. Details from European Study Conference Limited, Kirby House, 31 High Street East, Uppingham, Rutland, Leicestershire LE15 9PY. Tel: 0572 822711. Telex: 341352 EURCON G.

Personnel management, Herts. April 29-May 10. Fee: £1,390. Details from Registrar, Ashridge Management College, Berkhamsted, Hertfordshire HP4 1NS. Tel: 044284 3491/2311. Telex: 826434 ASHCOL G.

Back-to-front marketing — or how buyers profit by helping marketers to market, marketers profit by helping buyers to buy, while both stimulate more profitable production, London. May 21. Fee: Non-members £105 plus VAT; Members of MS/NEDO/IE/IPS £90 plus VAT. Details from the Director General, The Marketing Society, Derwent House, 35 South Park Road, London SW19 8RR. Tel. 01-543 5191.

International contracting, London. May 8-9. Fee: £414. Details from Miss J K Van Wycks, Seminar Division, Crown Eagle Communications, Vernon House, Sicilian Avenue, London WC1A 2QT. Tel. 01-404 4756. Telex: 896827 TACS (quote Ref 1202).

Design for development, London. June 13. Fee: Non-members and guests £50. Details from Neil Chamberlain, Design and Industries Association, 17 Lawn Crescent, Kew Gardens, Surrey TW9 2NR. Tel. 01-940 4925.

Foreign exchange risk in 1985, London. June 3-4. Fee. £529. Details from the Financial Times Conference Organisation, Foreign Exchange Risk in 1985 Conference, Minster House, Arthur Street, London EC4R 9AX. Tel. 01-621 1355. Telex. 27347 FTCONF G.

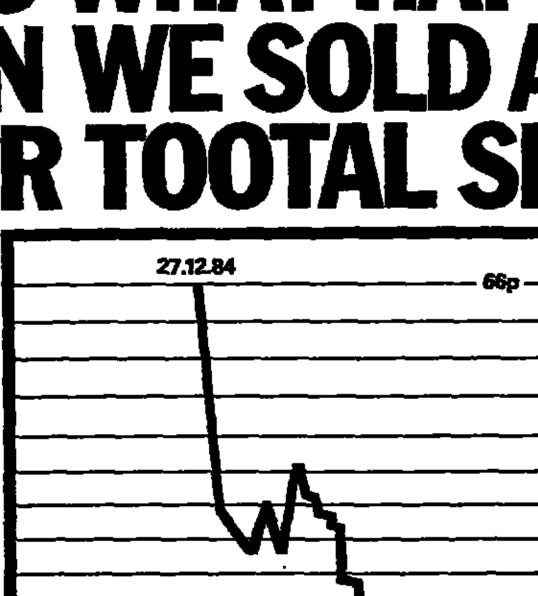
Effective training management workshop, Brussels. July 1-5. Fee: Non-members BFr 68,000; Members (AMA/I) BFr 61,000. Details from the Registrar, Management Centre Europe, rue Caroly 15, B-1040 Brussels. Tel. 32/2/516.19.11. Telex 21.917.

Office graphics, London. May 23-24. Fee: £485. Details from CGC Institute, Russell House, Russell Street, Windsor, Berkshire SL4 1HQ. Tel. 07535 58811. Telex. 849105.

Design in industry: "A vital profit factor," Birmingham. May 23. Fee: £20. Details from the Secretary, Neil Chamberlain, Design & Industries Association, 17 Lawn Crescent, Kew Gardens Surrey TW9 3NR. Tel. 01-940 4925.

This advertisement is published by S. G. Warburg & Co. Ltd. and Citicorp International Bank Limited on behalf of Entrad Investments (U.K.) PLC.

HERE'S WHAT HAPPENED WHEN WE SOLD A FEW OF OUR TOOTAL SHARES.



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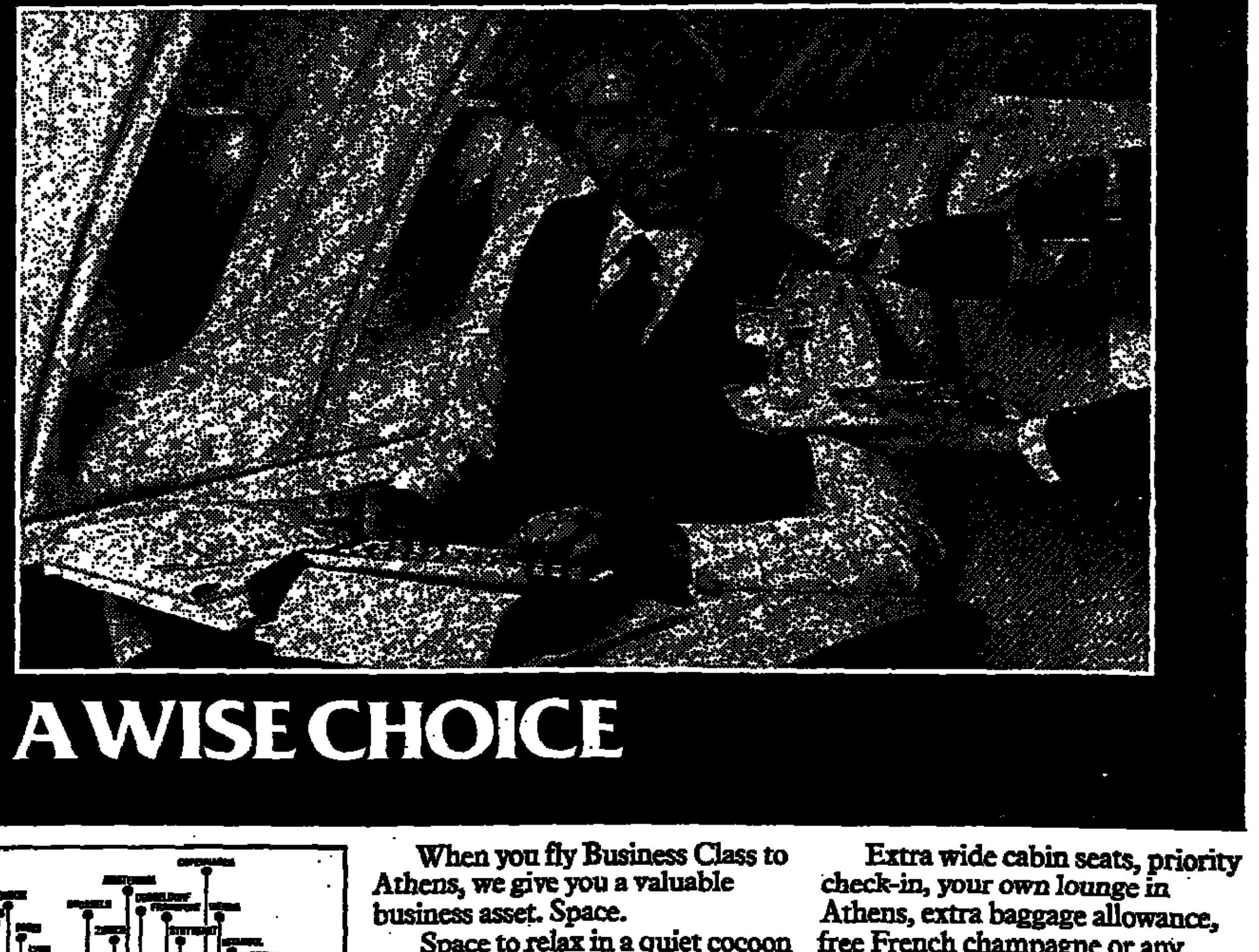
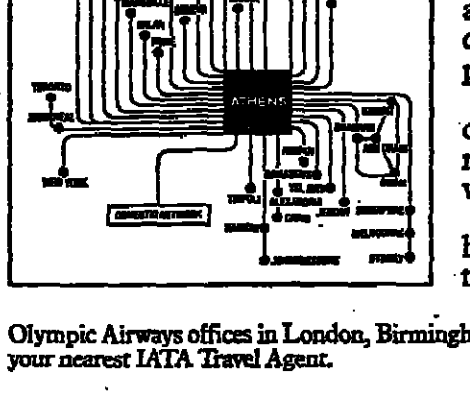


A WISE CHOICE



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THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
12	13	14	15	16	17	18

Music

PARIS

Isaac Stern recital with Andrew Wolf (Mon). Salle Pleyel. (561 0630).

Les Arts Florissants conducted by William Christie: Oratorios for Easter, Charpentier, Rossi (Tue). Salle Pleyel. (561 0630).

Nella Anfuso recital with harpsichord, viola de gamba, cello: Rossi, Scarlatti, Vivaldi (Mon). Theatre de l'Athenee (742 6727).

Barrett Sisters from Chicago: Negro Spirituals and Gospel songs (Tue, Wed, Thur 6.30pm). Théâtre de la Ville. (274 2277).

Orchestre National de France conducted by Maximiano Valdes, Radio France-Choir: Offenbach – Hoffmann's Tales (Wed). Theatrè des Champs Elysées. (723 4777).

Orchestre de Paris conducted by Daniel Barenboim, Itzhak Perlman, violin: Beethoven, Henze, Bach (Wed, Thur). Salle Pleyel. (561 0630).

Chow Ching Lie, piano, Liu Yu Xi, violin: Franck, Mozart, Beethoven, Liu Yu Xi (Thur). Theatè des Champs Elysées. (723 4777).

NETHERLANDS

Amsterdam, Concertgebouw. The Amsterdam Philharmonic conducted by Ken-Ichiro Kobayashi, with Jaap van Zweden, violin. Beethoven. (Tue). The Concertgebouw Orchestra under Antal Dorati with a lunchtime concert (Wed). Antal Dorati conducting the Concertgebouw Orchestra, with Andras Schiff, piano. Schubert, Schumann, Brahms (Wed, repeat Thur). Recital Hall: Robert Holl, baritone, accompanied by Rudolf Jansen. Schubert (Mon). The Caecilia Consort. Schat, Hindemith, Shostakovich, Janacek (Tue). The Alban Berg Quartet. Mozart, Rihm (Wed). Salvatore Accardo, violin, and Bruno Canino, piano. Mozart, Beethoven, Prokofiev, Ravel (Thur). (71 8345).

BRUSSELS

Palais des Beaux Arts: Itzhak Perlman, violin, and Bruno Canino, piano – Pergolesi, Stravinsky, Bach, Beethoven (Mon); Belgian National Orchestra conducted by Mendl Rodan with Emil Gilels piano. Tchaikovsky, Stravinsky. (Thur). (512 4055).

NEW YORK

New York Philharmonic (Avery Fisher). Conductor, Klaus Tennstedt; pianist, Ivo Pogorelich: Blacher, Prokofiev, Schumann (Tue). Conductor, Raymond Leppard; soprano, Cynthia Clarey; violinist, Carol Webb. All-Handel programme (Thur). Lincoln Center (874 2424).

Carnegie Hall: Polish Chamber Orchestra. Conductor, Jerzy Maksymiuk; cello, Jerzy Klocek: Lutoslawski, Haydn, Max Reger, Shostakovich (Mon). National Orchestra of New York. Conductor, Alvaro Cassuto; mezzo-soprano. D'Anna Fortunato. Mahler, Strauss, Rochberg (Tue). Tokyo String Quartet: Haydn, Smetana, Beethoven (Wed). (247 7459).

WASHINGTON

National Symphony (Concert Hall): Conductor, Christopher Hogwood; french hornist, Barry Tuckwell: All-Mozart programme (Tue). Conductor, Christopher Hogwood. Vivaldi, Handel, Stravinsky, Martinu (Thur). Kennedy Center. (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Conductor, Sir Georg Solti; flautist, Donald Peck: Stravinsky, Gould, Beethoven (Thur). (435 8122).

TOKYO

NHK Symphony Orchestra: Conducted by Berislav Klobucar; violin, Gerhart Hetzel. Bartok, Prokofiev. NHK Hall (Wed, Thur). (465 1780).

Alexis Weissenberg (piano): Scarlatti, Schumann, Rachmaninov. Tokyo Bunka Kaikan, (Wed). (354 0101: 980 6060).

Das Tonhalle Orchester, Zurich, conductor Christoph Eschenbach; piano, Alexis Weissenberg. Brahms. Tokyo Bunka Kaikan. (Thur). (545 8348; 571 1689).

LONDON

English Chamber Orchestra conducted by Yehudi Menuhin, violin. Neil Black, oboe; William Bennett, flute; Jose-Luis Garcia, violin; Anthony Halstead, harpsichord; Crispian Steele-Perkins, trumpet. Bach. Barbican Hall (Tue).

Philharmonia Orchestra conducted by Yevgeny Svetlanov with Nigel Kennedy, violin. Rimsky-Korsakov and Tchiakovsky. Royal Festival Hall (Wed).

London Symphony Orchestra conducted by John Georgiadis with Olivier Garden, piano. Tchaikovsky, Schumann, Elgar and Respighi. Royal Festival Hall (Thur).

Ronnie Scott's, Frith Street: Singer Nina Simone with drummer Paul Robinson. Also jazz-funk band Cayenne. (439 0747).

Opera and Ballet

PARIS

Ballet of the Paris Opera presents Romeo and Juliette in Rudolf Nureyev's choreography and production, decors by Ezio Frigerio, with Florence Clerc, Monique Loudieres, Claude de Vulpian, Cyril Atanassoff, Patrice Bart, Patrick Dupond, Jean-Pierre Franchetti, Jean Guizerix, Charles Jude, Jean-Yves Lormeau, Rudolf Nureyev in the main roles. Palais des Congres (758 2253).

Maurice Bejart and his XXth century ballet follows the soiree Gustav Mahler/Pierre Henry with Notre Faust to Mass in B minor and Agnus Dei by Bach and Tangos Argentinos. TMP-Chatelet (233 4444).

Wuppertal's Tanz Theater and Pina Bausch, the high priestess of German expressionist ballet, arrive with two programmes: Walzer and Stravinsky's Sacré du Printemps and Café Muller. Théâtre de La Ville (274 2277).

Wozzeck alternates with Gluck's Alceste conducted by Michael Schoenwandt, produced by Pier Luigi Pizzi with Shirley Verrett/Helene Garetti in the title role and Barry McCauley in that of Admete. Paris Opera. (742 5750).

The Very Modern G.R.C.O.P. dances to classical music by Handel, Schubert, Beethoven, Chopin. Choreography by Taylor, Garnier, Gordon, Degroat, Carlson with alternating dancers: Wilfride Piollet, Ghislaine Thesmar, Denard, Dupond, Guizerix, Jude and Nureyev at the Opera Comique. (296 0611).

WEST GERMANY

Berlin, Deutsche Oper: Korngold's rarely played Die Tote Stadt returns. Fidelio is a Götz Friedrich production. Siegfried is steered to triumph by Katarina Ligendza as Brünnhilde. Fidelio has Siegfried Jerusalem in the part of Florestan. Ariadne auf Naxos features Gundula Janowitz and Gerd Brenneis. (34 381).

Hamburg, Staatsoper: Belsazar in the Harry Kupfer production features Walter Raffeiner and Helen Donath. Zar and Zimmermann has fine interpretations by Franz Grunhober and Peter Haage. (35 11 51).

Frankfurt Opera: Don Giovanni has Benjamin Luxon repeating his much praised performance in the title role. He is also singing the title role in Eugen Onegin. The new production of Hoffmanns Erzählungen by Herbert Wernicke has Michael Boder conducting. Don Pasquale is of respectable standard with Günter Reich, Barbara Bonney and William Workman. Der Türke in Italien rounds off the week. (25 621).

Cologne, Opera: Die Entführung aus dem Serail, part of the Mozart cycle produced by Jean-Pierre-Ponnelle, is worth a visit with Karen Huffstodt and Matti Salminen. Carmen brings together Josef Protschka and Machiko Obata. Madame Butterfly is sung in Italian with John Pritchard as conductor. (20 761).

Munich, Bayerische Staatsoper: This week's highlight is Pique Dame sung in Russian. It is perfectly cast with Elena Obraszowa and Vladimir Atlantow. Macbeth is conducted by Riccardo Muti. La Boheme has Katia Ricciarelli in the title role. (21 851).

BRUSSELS

Theatre Royale de la Monnaie: Tristan and Isolde, conducted by Sylvain Cambreling with Spas Wenkoff or James McCray as Tristan and Gwyneth Jones as Isolde. (218 1211).

NETHERLANDS

Scheveningen, Circus Theatre. World premiere of Dr Faustus by Konrad Boehmer. The Netherlands Opera and the Broadcasting Orchestra conducted by Lucas Vis. Soloists include Annett Andriessen and Marco Bakker. Directed by Charles Hamilton. (Thur). (55 88 00).

Arnhem, Schouwburg. The Merry Widow performed by the Hoofstad Operetta Company conducted by Martin Mälzer and directed by Alexander Pickler. (4247 11).

VIENNA

Staatsoper La Traviata conducted by Binder with Ghazarian; The Sleeping Beauty choreographed by Nurejev and conducted by Richter; Bellini's I Capuleti e i Montecchi conducted by Zedda with Gruberova, Baltsa; Minkus' Don Quixote choreographed by Nurejev and conducted by Richter; Aida conducted by Mund (55 24/26 55).

Volksoper: Das Land Des Lächelns; Vienna Blood; Count of Luxembourg; Giselle; The Barber of Seville; Die Entführung aus dem Serail. (53 24/26 57).

NEW YORK

Metropolitan Opera (Opera House). In the last week of the season, James Levine conducts Leonie Rysanek, Jon Vickers, Simon Estes and Kurt Moll in Parsifal along with Lulu, starring Julia Migenes-Johnson, Evelyn Lear and Kenneth Riegel. Franco Zeffirelli's production of Tosca continues, conducted by Giuseppe Sinopoli with Hildegard Behrens and Placido Domingo. Lincoln Center. (362 6000).

Martha Graham Dance Company (New York State Theatre): The world premiere of Martha Graham's Song and last year's world premiere of The Rite of Spring highlight the three-week season of mixed programmes featuring revivals of Appalanchian Spring, Cortege of Eagles, Andromache's Lament and Judith. Ends April 21. Lincoln Center. (870 5570).

WASHINGTON

Alvin Ailey American Dance Theatre (Opera House): This spirited group combines the movement of modern dance with the rhythms of American jazz, spirituals and musicals. Ends April 21. Kennedy Center. (254 3770).

Theatre

NETHERLANDS

Amsterdam, The American Repertory Theatre (Kerkstraat 4). Piaf by Pam Gems, directed by Raphael Brandow. (All week except Mon and Tue). (259 495).

Amsterdam, De Stalhouderij (Eerste Bloemdwarsstraat 4). The English-Speaking Theatre of Amsterdam with Krapp's last tape by Samuel Beckett. (26 22 82).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

WASHINGTON

Much Ado About Nothing (Folger): A recent reprieve on plans to close the theatre only coincidentally reflects the exuberance of this production, with its 1930s shipboard setting and interjection of such songs of the period as Night and Day. (546 4000).

Henry IV, Part I (Eisenhower): The first production of Peter Sellars' tenure as director of the American National Theatre Company is bound to be interesting, if not controversial. (254 3670).

TOKYO

Chorus Line: The Japanese version by the Shiki company, best-known for Cats, Japan's longest-running production (one year) and a sell-out. Nissei Gekijo, near Imperial Hotel. (320 4000).

Kabuki (Kabuki-za): Kotobuki Soga no Taimen, Danjuro Musume, Kenuki, Kanjincho (matinee); Ebon Taikoki, Kojo (formal name-taking ceremony), Sukeroku (evening). April sees the beginning of three months of ceremonies to mark a well-known Kabuki family member, Ebizo Ichikawa, assume the name Danjuro XII, in unbroken line since the 17th century. The Kabuki world is run by big families, not unlike the system of long-established circus families in Europe. In only the second accession this century, the Kabuki-za's gala programme will continue until the summer. Most of the big names in the Kabuki world will be on stage to lend their congratulations and many of the days will be Ichikawa family specials. One of the favourites is Sukeroku in which Danjuro will play the lead, a dashing hero and champion of the lower classes in 18th century Tokyo. Excellent English programme notes and earphone commentary. (541 3131).

Barefoot in the Park: The Japanese version of Neil Simon's play directed by Yutaka Kobayashi. Long Run Theater, Shimokitazawa. (414 6961).

The Tooth of Crime, A translation of Sam Shepherd's musical directed by Sakumi Hagiwara, produced by Parco/Engine Room. Stars Eiji Okuda. Seibu Theatre, Shibuya Parco Part 1, 9th floor. (477 5860).

La Marie Vison: One of the well-known plays by the late Terayama Shuji, Japan's foremost avant-garde director, timed to coincide with the second anniversary of his death. This is the play in which a transvestite plays the lead. Terayama's striking visual images mean there is no need to worry about the language. By Atelier O. Gels Hall, near Otsuka Station. (372 3897).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

Tom and Viv (Royal Court): Michael Hastings's contentious but enthralling play about T.S. Eliot's first marriage returns after New York success, Edward Hermann a welcome visitor alongside the eloquently repressed vitality of Julie Covington as poor Viv. (730 1745).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

The Road to Mecca (Lyttelton): New Athol Fugard play about a desert dwelling bohemian eccentric, ostracised by neighbours and clergy, who strikes up friendship with Cape Town teacher. Yvonne Bryceland and Charlotte Cornwell give tremendous performances, but the evening is slow to catch fire and, frankly, not a patch on those early Fugard anti-apartheid explosions. (928 2252).

Exhibitions

PARIS

Impressionism and the French Landscape: The exhibition, conceived to coincide with the Los Angeles Olympics, treats the Impressionists' favourite subject matter from an unusual angle. The 125 paintings by the great names of the movement and by Manet and the Post-Impressionists, are divided according to themes. Rural countryside forms one group and the means of transport another, as do urban landscapes and the maritime universe. All show how the artists interpreted the traditional image of France and the modern one which developed in the wake of industrial progress. Grand Palais (260 3926). Closed Tue. Ends April 22.

Odilon Redon. Some 500 oils, drawings and pastels given by Ari and Suzanne Redon show the symbolist painter's anguished isolation from the mainstream of impressionist painters while he follows the torments of his imagination and the inspiration of his dreams. Musée d'Art and Essai, 13 ave President Wilson (723 3653). Closed Mon. Ends April 30.

WEST GERMANY

Berlin. Schloss Charlottenburg, Spandauer Damm, Neuer Flugel: Berlin is putting on the biggest exhibition of Antoine Watteau to commemorate the 300th anniversary of his birth. The National Gallery of Arts, Washington, the State Museum of France and the administration of Berlin's castles are sponsoring the show. The French rococo painter often used poor quality colours, therefore many of his paintings are in a bad condition and have not been displayed before. The exhibition includes 73 drawings and 143 paintings. Ends May 25.

BRUSSELS

Palais des Beaux Arts: Felicien Rops – drawings, paintings and watercolours – a mixture of the macabre and erotic, skeletons and sex. Ends April 28.

ITALY

Florence. Palazzo Pitti: Infant Princes: Children's Clothes in the 17th century: A curious exhibition of 24 portraits from the period when children began to be autonomous subjects for painters – mainly the Medici children. The paintings travelled, as photographs would now, between Florence, Rome and Vienna for the benefit of noble grandparents and prospective suitors. Until April 21.

Rome. Palazzo Braschi (Piazza San Pantaleo): Antonio Donghi (1897–1985): A large retrospective sponsored by Banco di Roma (which owns the largest single collection of his works) and the Rome local council. Donghi was, until recently, considered a minor and somewhat provincial artist. But apart from the extraordinary clarity and intensity of his colours and the delicacy of the paintings of the countryside around Rome, it is difficult to feel much enthusiasm. His unnaturally static figures have faint echoes of Magritte and are slightly disturbing. Ends Apr 21.

NETHERLANDS

Amsterdam. Nieuwe Kerk (Dam Square). Two contrasting shows in the church by the Royal Palace. The first is the 28th World Press Photo Exhibition (ends May 2), the second a selection of satirical drawings by Hans-Georg Rauch (ends April 29).

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Adolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

NEW YORK

Museum of Modern Art. The first comprehensive retrospective of Henri Rousseau, including 60 works from as far away as Prague, show the masterful playfulness of the Paris toll collector who brought together man and nature at their most benign and intriguing. Ends June 4.

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

TOKYO

Leonardo da Vinci Nature Studies: 50 drawings on loan from the Royal Library at Windsor Castle concluding a travelling exhibition in Europe, U.S., and Australia. The exhibition has been designed by Paul Williams, designer of the Renoir at the Hayward Gallery, London. Seibu Museum of Art, Seibu Department Store, Ikebukuro. Ends May 12.

LONDON

The Saatchi Collection: Charles and Doris Saatchi have been collectors of contemporary art since 1970. The catalogue of their collection, The Art Of Our Time, is being published volume by volume, and a gallery established to make it available to a wider public. The gallery is an astonishing converted paint warehouse at 98a Boundary Road, NW8, that offers more exhibition space for temporary shows than any other gallery in London, except perhaps the Tate. There are to be three or four shows a year, of a few artists at a time. Those now being shown are Cy Twombly, Brice Marden, Andy Warhol, Don Judd, and Richard Serra. The gallery is open on Fridays and Saturdays between 12 and 6, or by appointment. (624 8299).

Cinema/Nigel Andrews

Lifting the lid on those festivals

Gyorgy Cserhalmi as the hero and Gyorgyi Tarjan as a prostitute in A Very Moral Night

With the start of the film festival season only a month away—Cannes, May 8 to 20—it is time to reveal all about these events. And with no new film in London this week worth crossing the street to see, it is time to answer all those letters I have received over the years—from Censorious of Sutton and Inquisitive of Ipswich—bristling with curiosity to know what we critics get up to when we whizz off to remote corners of the Continent.

There are three main lines of inquiry. Are we skiving? Are film festivals a sybaritic orgy disguised as a movie event? And what possible interest can films getting a one-off screening in sunny Cannes, Venice or Taormina have for the normal film-goer detained in rainy Britain? (And lest my editor now takes steps to start reassessing my festival leave, I do also get letters appreciating my festival reports).

First, are we skiving? To this, a virulent no. The average crash diet for a film critic in London is four to five films each week. In Cannes and companion events, the crash diet becomes an avalanche: three to four films *per day*. You need only examine the complexion of a critic after a day's viewing at Cannes—a ghastly pallor reminiscent of Count Dracula, complete with the Count's bloodshot eyes—to know that skiving is not the *mot juste*.

To the second and related question—are film festivals orgies in disguise?—a no-less-indignant no. Every generation of festival-goer is regaled by his elders, of course, with tales of how festivals *used* to be. This is a reverse of the Monty Python sketch where the characters swap tales of competitively impoverished upbringings. Instead of boasting of living in a shoe-box and eating lumps of frozen poison, the *vieux festivalier* recalls wild parties along the Croisette, banquets worthy of the Satyricon, and *Otto Preminger or Sam Spiegel* or David Selznick (perm any one from 100) funnelling champagne and caviare down his throat until he cried for mercy.

If this ever were true, or half-true, such days are long gone. Today in Cannes or Venice you will be lucky to snatch a hasty invitation lunch on the beach between films, where even if the food is good your appetite will be ruined by finding you're sitting next to the star or director whose film you slammed the previous day. The smoked salmon turns to *ashes in your mouth*, the wine to wormwood. I even remember one year being seated next to the starlet whose skirt I had accidentally pulled off a week before during the entry jostle to a screening. (I had thought it was my giveaway Variety satchel, caught in the mêlée, but that was already crushed and gone under the stampeding feet 30 feet behind.)

Which brings me to the topless starlet myth. Will Prurient of Purley and Lascivious of Lowestoft please understand that the beaches at Cannes and Venice are *not* awash with pneumatic Nereids posing in eternal undress for the *paparazzi*. The only constantly and reliably topless people at festivals are the American producers, whose gold chains lurk in a jungle of chest hair and who, though well-endowed pectorially, are no substitute for G. Lollobrigida or D. Parton.

As for those correspondents who wonder what interest *they* should find in reading about films that, though acclaimed on the Mediterranean, may never reach Leicester Square, they deserve more serious attention. The answer is three-fold.

First, please consider your general education and curiosity. Surely you burn to know what the latest Tarkovsky film is like, even if it doesn't yet have a slated London opening? And surely you also burn to know what new talents are being fired in the crucible of cinema.

Second, there would be *no* sure way for new films or film-makers to impose themselves on world-consciousness without the introductory brouhaha they receive (if they have merit) at a film festival. The Fassbinders, Herzogs, Bertoluccis and Oshimas all received that vital national careers from the convergence of acclaim they received at Berlin or Venice.

Third, and most important, the direct crusading influence of a particular critic or critics concerning a particular film can help to ensure that it *isn't* confined to a single screening at a far-flung festival but makes the trip to his home country. I like to think (and here I modestly examine my fingernails) that I played some small part in bringing the full-length *Heaven's Gate* to London; that I helped to get behind *Blood Simple*—first seen in the Cannes market—and push it into Britain; and that much jumping up and down on the prone bodies of British exhibitors at festivals helped persuade them that my interest in the latest Wenders or Scorsese film could be shared by the paying UK film-goer.

So do we need film festivals? Yes. Do *you* need film festivals? Yes. And it is my humble duty to represent your interests at remote cinematic ports of call.

The worst thing about the Doubting Thomas voices among my correspondents is that the purse-holders who fund film festivals might actually—in the interests of their purses—*listen* to them.

In recent years, festival funding has been drawn ever tighter. The Venice Film Festival, for example, which rose magnificently from the bankrupt ashes six years ago and has been run with breadth and imagination ever since, is beginning to flap with suspicious unease again as budgetary strictures pick away at its feathers and wing-span. The London Film Festival has each year to renew the battle for its (relatively minuscule) budget. And even Berlin's annual rise in funding have *trailed well behind the rises in* real costs.

Which makes one cheer to the echo French Culture Minister Jack Lang's decision to give Cannes a cash boost this year. Lang has thrown fresh sackfuls of French francs in the festival's direction, and this could be the gesture to reverse the whole regressive trend in fest-funding. For these cine-jamborees are nothing if not competitive. We don't want a return to caviare, champagne and all-night fandangoes aboard Greek yachts. (Well, all right, perhaps just one or two fandangoes.) *We do want a return to the days* when the film festival was a mighty and magnetic cultural get-together, an audio-visual "global village" long before McLuhan was a gleam in his publisher's eye.

One knows it's high time for another festival season when a *movie like A Very Moral Night* (Berkeley, 15) turns up in a London cinema. Are exhibitors so short of fresh supplies of foreign films that they have to bring out a seven-year-old Hungarian clinker out from oblivion? Karoly Makk (of *Another Way*) directed this fusty and ponderous comedy-drama about life in a brothel and the Feydeau-esque complications that ensue—ho ho!—when an old lady mistakes it for a hotel. (She's looking for her son, who's given her the address as his regular abode.)

The film, swathed in darkness and with post-dubbed voices echoing like the tomb, is as funny as a funeral wake. Slavophile allegory-watchers may detect here a fable about hypocrisy, or the pain lying under regimented emotions (every prostitute dreams of true love), or perhaps the brothel as emblem of consumer capitalism. On the other hand, it's difficult to be an allegory-watcher if you can scarcely stay awake, and most of the movie is spent more in a struggle for consciousness than for understanding.

Far better to tie your belongings in a spotted handkerchief on the end of a stick and foot it all the way up to Hampstead. Here you will see a brand-new 35mm print of Jean Cocteau's sparkling fable *La Belle et La Bête* (Everyman PG). Enchanted castles! Magical forests! Living human arms poking through the walls to hold up candelabras! Jean Marais with a faceful of whiskers as the Beast! And Cocteau's dry, witty, brilliantly sophisticated script to show us that all that dazzles need not be Disneyish.

The Trojan Women/Riverside Studios

Michael Coveney

The Suzuki Company of Toga arives at the Riverside Studios as part of the Mitsui-sponsored "Close-up of Japan" festival amid a welter of recommendation and hoorays. While admiring the company and, especially, *its leading actress Kayoko* Shiraishi, I must own up to a reaction of crushing disappointment in this ten-year old Euripides production.

Miss Shiraishi plays an old woman at the end of the second war. She appears to inhabit a cave of pantomime drapes which is, in fact, a cemetary. A bald, powered Buddhist god and three black-garbed attendants precede her and, in their presence, the woman gives vent to her war-time grief and lamentation by assuming the role of Euripides's Hecuba.

Removing her top white kimono with a deftness characteristic of all the company's stealthily controlled gestures, she also becomes Cassandra. The god surveys the scene with tranquil impassivity. The chorus scuttle across the stage like crabs, crouched but elegant.

The programme synopsis, comprehensive enough, is essential, but you can just about catch references to the death of Polyxenes, the arrival of Menelaus (whom we see, but no sign of Helen); the show ends with Hecuba's last sight of the burning Troy while the company assemble to the sound of a banal pop song supposedly symbolic of contemporary Japanese decadence.

The general fluffiness of the analogy with Euripides achieves its nadir in this finale. The Greek oppressors are a trio of top-knotted samurai warriors who brutally dismember Andromache's child (an anonymous doll) and rape the mother. Hecuba becomes the old woman again as she unties a bundle of belongings and sets them out, like Beckett's Winnie, as post-holocaust mementos of a lost domestic security.

Tadashi Suzuki's production makes use of Kabuki and Noh convention—the sense of the actors materialising magically from the void is particularly strong—but there is no true resonance either to the dramaturgy or to the presentation: merely a parched, unspectacular efficiency for 70 mostly inanimated minutes.

The fireworks came mostly from Miss Shiraishi, who draws a wide range of expressive masks on her wonderfully expressive visage and reveals a voice that can spray the audience with a machine-gun venom, *lapse immediately into lyrical* reminiscence or else descend to a gravelly glass-crunching cackle of the despairing totem of betrayed womankind.

Saleroom/Antony Thorncroft

English furniture booms

One of the strongest sectors of the fine art market in recent months has been English furniture where demand seems to be insatiable, both in London and in New York. Christies' sale at King Street yesterday confirmed the boom, with a total of £1,324,706 and only 10 per cent unsold.

The top price was the £81,000—just above the top estimate—paid by the London dealer, Partridge, for a George III mahogany secretaire cabinet which might have been made by Ince and Mayhew in the 1760s. It once belonged to the Delmé-Radcliffe family of Hitchin Priory, Herts.

Christies was unduly cautious in forecasting that a pair of George II mahogany hall settees might make £15,000. They sold for £51,840. Once again the catalogue is cautious, but states they might have been made for the first Earl of Clarendon (of the second creation) from designs by John Linnell.

A Queen Anne walnut wing *armchair (top estimate £15,000)* also did very well at £36,720; and the London dealer, Bedford, paid the same sum for a Queen Anne walnut and burr walnut bureau cabinet. A pair of Regency ormolu mounted rosewood writing tables made £34,560, as did an early 19th-century English pile carpet.

The London dealer, Gibbs, paid £32,400 for a pair of George II carved pine sofas in the style of William Kent, which sold for £600 when they last appeared at Christie's in 1966. They were sold then by Lady Margaret Fortescue, whose family commissioned them around 1730.

Partridge paid the same price three times over; for a pair of George III satinwood and faded rosewood demi-lune commodes; for a pair of William and Mary scarlet and gold lacquer X-frame open armchairs; and for a pair of early George III white painted and gilded picture frames, attributed to Vile and Cobb and commissioned by the 6th Earl of Coventry for Croome Court, which was built for him by Lancelot Brown from 1751 onwards.

Sotheby's began a routine two-day book sale (second part next Thursday). In the morning session a first edition, in Icelandic, of a saga about Olaf 1, King of Norway, was way above forecast at £1,595. Quarritch paid £572 for a first edition of William Stukeley's "Stonehenge", 1740-43; and Sawyer, another London dealer, bought 21 aquatint views of the Inns of Court by Samuel Ireland, 1800, for £550.

Bloomsbury Book Auctions sold first editions yesterday. A first edition of Shaw's "St Joan," with a nice inscription by the author, went for £400 while his "Apple Cart" realised £280.

Fidelio/Coliseum

Max Loppert

The current ENO *Fidelio* revival is an example of the company's genuine and valuable *Volksoper* working—an identity and function sometimes obscured by evenings of fashionable new-wave, high-tech production in the house. There is no single outstanding contribution that memory can add to its *Fidelio* storehouse—on Wednesday, in fact, the most powerful vocal impression was left by fine, fearless choral singing at the close—and the brutal dullness of the Reinhart Zimmermann set has not been lightened by the passage of time.

Yet the presentation of the opera, straightforward, and now *largely free of modishness* or sermonising, contrived a presentation of the worker stronger than the sum of its parts; by Lionel Friend's conducting, authoritative without being insistent in its point-making, the style of the performance was set.

Cast changes have brought a new Fidelio, Florestan, and Marzelline (Patricia O'Neill's admirably lively and un-doll-like portrayal is remembered from earlier revivals). Elizabeth Vaughan has already undertaken Beethoven's glorious title role in German, for Glyndebourne Touring Opera. In English she proves more communicative, and more involved — but not much more. Considering that (except for unfamiliar tightness in the soprano's usually bright top register on Wednesday) this was a performance of notable vocal security, broad phrasing, and keen attack, the failure of this experienced and sensitive artist to inhabit Leonore's body, to fill out her clothes and illuminate her soul, must be judged a particular disappointment. The diminutive stature is apposite, yet the stance remains stiff and singer-ish, and the face too seldom shows any quickness of mobility.

Graeme Maheson-Bruce, previously known to the Coliseum as a character tenor (his riotous drunk in *Mazeppa* was a wonderful moment of light amid the electric gloom), is given his first big opportunity as Florestan, and shows that he deserves it. The conviction and the strength of tone came, indeed, as a surprise; Mr Matheson-Bruce is not a "beautiful" tenor, but he is a strong and secure one, and with a little more attention to legato might well become even more than that. The trim beard and haircut were an implausible by-product of two years' imprisonment in the harshest imaginable conditions. His spoken dialogue delivery, like that of all the others except Miss O'Neill, was willing but not quite up to speed. Why does the ENO cut so much of it?

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

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Home truths in Venice

THE EUROPEAN employment ministers have been having an uncomfortable time in Venice. However much some of them may resent the sharp lecture they received from Mr Malcolm Baldridge—the French nearly walked out—and however much they may suspect, with the Americans, that Japanese competition is less than fair, they cannot reply aggressively. The European employment record is appalling, and they know it. But short of devising a programme to turn all Europeans into good Americans, or good Japanese—and the two objectives could hardly be more different—what can they learn that is of any practical value?

Mr Baldridge's assault was in some ways justified, as Mr Tom King from the UK acknowledged, but it is too simple by half. It is true, of course, that welfare spending and associated employment costs are far higher in Europe than in the U.S., and union organisation considerably more widespread and effective. That is one reason why European businesses have tended to regard employment as the cost which must above all be minimised, and they invest accordingly. The far more rapid growth of productivity in Europe than in the U.S. largely explains the far higher growth of real hourly pay—just as the more generous welfare explains the far higher tolerance for unemployment.

Job creation

However, these contrasts have been visible for a very long time, and did not until the last decade or so prevent Europe (though not the UK) from making a highly respectable economic showing, with per capita incomes in such highly unionised countries as Sweden surpassing the figure for the U.S. itself. Job creation in Europe began to lag drastically behind the U.S. in the late 1960s, and later combined with demographics to produce the painful contrast we see now.

What was different about the last decade or so? It is tempting to look at the oil shock, or the conservative fiscal approach of recent years in the EEC, and conclude either that it was not our fault, or that the Americans are living on borrowed time. However, these comforting explanations look shaky once Japan is brought into consideration — entirely dependent on imported materials, and with domestic demand so far short of output that her export surplus poses a world trade crisis.

It seems likelier that Mr Baldridge put his finger on the spot when he stressed the far more favourable background for innovation in the U.S. than in Europe, and especially the immensely vigorous life of small companies. This problem has long been recognised in Europe, and progress is being made, but still too slowly. Europe is the laggard in the current industrial revolution.

Progress is likely to remain slow if an enterprise culture depends on the removal of employment protection, and the development of the huge spread of earnings and consequent widespread poverty still to be found in the world's strongest economy. In any case Japan, offering innovation from large industrial combines, combined with lifetime employment, shows there is a very different road available.

If we can learn from the Americans to take careful note of the high real costs of a developed welfare system, we might more readily learn something from the Japanese about how a reasonably protected job environment can be combined with dynamism. Apart from the spur of necessity—a country as import-dependent as Japan for materials is bound to develop a comparative advantage in traded manufactures and perhaps services—Japan also applies the spur of competition.

The existence of large and almost omnicompetent combines, with protected internal markets for equipment and innovation, does not prevent fierce competition for customers in every important market. The over-concentration of some European industry (especially in the UK), and the remaining, insidious bars to the development of a true single internal market in the EEC, are every bit as bad for innovation and employment as our welfare or trade union excesses.

Equally, the Japanese system of rewards, with its very large role for profit sharing, helps to make large enterprises flexible, competitive and responsive. We should not fail to learn what can be adopted from Japanese practice simply because they are too polite to lecture us.

The nine lives of Italy

ITALY, like the proverbial cat, appears to have nine lives. Pronounce it dying or even dead and, all of a sudden, back it it comes, sleek and purring. Such was the record in 1984. In a struggling Europe, the Italian economy performed better than most. Even the traditional merry-go-round of Italian governments was arrested. Sig Bettino Craxi's Cabinet has been in power for longer than most post-war Italian governments and does not appear to be at the end of its tether.

The personality and political skills of Sig Craxi have a great deal to do with the new air of success. He and his ministers have coaxed the country into things that seemed all but impossible before. At the international level, the Craxi Government and Sig Giulio Andreotti, its Foreign Minister, has won excellent marks for its handling of the presidency of the European Community this year—an achievement that must have helped the Government's domestic standing.

But skilfully though Sig Craxi has survived, the equilibrium of political forces upon which he relies is by its very nature unstable. The Socialist Party, of which he is head, is much smaller than either the Christian Democratic Party, the perennial partner in all Italian coalition governments, or the Communist Party. If the Christian Democrats could overcome their faction fights and the damage done to their morale by the rise of the Communists to within a whisker of becoming the largest party, Sig Craxi could hardly hang on to power.

Performance

Similarly, praise and *caveats* have to be balanced in assessing the performance of Italian industry during the 1980s. Asisted by a change in shop floor attitudes, the leading Italian private concerns have been able to reduce overmanning and constant disruptions by industrial strife. Productivity has increased; so has profitability. But there is a long way to go

The very basis of that cyclical recovery is not as strong as Sig Craxi and his ministers might wish. Experts have owed a great deal to the strength of the U.S. dollar. That, of course, applies no less to the other European countries. But Italy has gone very much its own way in budgetary policy. Whereas almost every European country of note has been trying to cut budget deficits, Italy has been unwilling or unable to break with established profligacy. The central government deficit amounts to some 12 per cent of Gross National Product

Economic activity has profited from that deficit, but the moment may not be far off when the deficit begins to snowball out of control.

An important step was taken to reduce deficits by tightening the assessment for taxes of the self-employed, especially of the professional classes and shopkeepers who are notorious for their propensity to tax evasion. But it remains to be seen how effective the reform will be, and in any case much more needs to be done on the revenue side.

The next battle has already been joined. The Communist Party is sponsoring a referendum which may well result in the revocation of legislation, passed last year, which modified the *scala mobile* system of wage indexation. The net result was to reduce by four percentage points the index-linked rises that would otherwise have been due. If the referendum is held it will probably go against last year's law and result in an inflationary burst of added wage costs.

The confederation of Italian industrialists says it would respond by terminating the entire *scala mobile* agreement and would then try to negotiate a less inflationary successor. Doing away altogether with wage indexing at least in a modified form is considered a political non-starter. But many union leaders might be prepared to meet the confederation half-way having learned from last year's experience that less inflation can leave scope for more real wage increases. Even some Communist union leaders accept the point, though party discipline is likely to take precedence with them.

Much progress has been made with placing Italian affairs onto a sound basis. But further effort is needed to consolidate it. A reverse in the regional elections on May 12 could endanger Sig Craxi. The battle about the *scala mobile* is not settled. Above all the budget looks as sick as ever. The reserve lives of the Italian cat may yet be needed.

Brazil's presidency

Critical challenge for an emergent democracy

Andrew Whitley in Rio de Janeiro reports on the crisis caused by the illness of Tancredo Neves

SLOWLY, and reluctantly, Brazil is facing up to the fact that it is going to be without Tancredo Neves for a long time to come—possibly for ever.

With the country's first civilian president for 21 years now removed from the scene by a tragic and sudden heart ailment, the outlook for the country as seen by Brazilians themselves suddenly becomes much more uncertain.

Hopes that he would have championed the cause of the downtrodden middle man against the system have had to be suspended; fears of a prolonged period of political infighting leading possibly to the return of the military, in the name of preserving order, have now been revived.

As Deja, Brazil's leading weekly, says, without exaggerating, in its current issue, "to govern the country without Tancredo Neves, will, certainly, be one of the most difficult challenges of Brazilian political history."

The sudden illness on the eve of what should have been a triumphant inauguration ceremony last month plunged the country into an unprecedented state of despair. Its only parallel was the abrupt resignation in 1961 of the highl popular Janio Quadros, the last elected president—a resignation which led directly to the 1964 military coup.

After an arduous, but successful struggle to hasten the military's staged withdrawal from power, the 75-year-old Neves had emerged—almost messianically—as the ideal compromise choice to lead the country through what by common consent were bound to be transition years.

Yesterday, Sr Neves was in a grave but stable condition after undergoing his sixth operation in under a month.

Brazil knows all about succession crises; the last 100 years of the Republic have been littered with them. But the combination of circumstances this time is peculiarly difficult. The "New Republic" Neves said he was launching has not even lit one of its engines, never mind got off the ground.

The politically expedient coalition known as the Democratic Alliance, which brought Neves to power in last January's indirect elections, was designed with one man in mind. The support guaranteed was "personal and intransferable"—as they say on exclusive invitations.

The political platform on which the Democratic Alliance fought the election, meanwhile, is a vague mish mash of good intentions: to improve social conditions and living standards, clean up the financial system and so on. It is not a blueprint for the future that can be picked up and used by the present stand in or successor in Neves' name.

Sr Neves has not revealed in any detail his own ideas for its future. The draft programme he asked to be prepared in the two months interregnum between his elections and planned inauguration—an emergency action plan designed to tackle the most pressing social needs—was promptly shelved by his nephew Francisco Dornelles, the hard-nosed new Finance Minister.

One thing at least is clear. Under the constitution, which all sides including the military have agreed to abide by, it is the Vice-President who takes over in the absence—permanent or otherwise—of the President. Although challenged by some jurists, the consensus is that this applies even when the President has never taken office.

The post of Vice-President in Brazil is similar to its U.S. counterpart. It is intended as a figurehead position. Jose Sarney, the number two on Tancredo Neves' slate, was never considered leadership material at the national level, not even by himself. A published poet of some minor distinction, Sr Sarney is known to have been musing to himself recently about the strange quirks of fate.

But for better or worse it is

The country knows all about succession crises

he who must shoulder the burden of taking the country forward to inject life and a sense of purpose and direction into the New Republic. The great imponderable at this stage is how long he will be in charge.

Constitutionally, Sarney could remain in office for the full, six-year Presidential term, if Neves' absence turned out to be permanent. Using the considerable executive powers bequeathed to him by his military predecessor, he could still overcome his own lack of a power base in governing the country.

In practice it is most unlikely to happjen. Neves has always stated that he intended to cut his own mandate to four years, calling direct Presidential elections in 1938 for his successor. These elections would follow a change in the constitution, brought about by a constituent assembly, to be elected in November 1986 at the same time as other scheduled state and federal elections.

Jose Sarney would, however, be lucky to serve even that reduced mandate. If it becomes clear that Tencredo Neves will not be able to serve as President whether by reason of his death of permanent incompacitation following his illness, pressures for direct elections as soon as possible will appear.

The bogeyman meared by many politicians Leonel Brivola, the maverick Rio de Janeiro state governor and onetime radical firebrand. Sr Brivola makes no secret of his own ambitions for the presidency, and has been busily trying to set up a new Socialist party around the country as a springboard to the top.

The Brivola argument, which will command much support among the urban middle-class young who led last year's abortive direct election campaign, is that while Jose Sarney has the law on his side, he lacks political legitimacy.

As a politician who only switched sides from the military's camp five months before the election, Sarney knows he is highly vulnerable to their charge. To strengthen his flank he is already trying hard to identify himself closely with the Brazilian Democratic Movement Party, or PMDB, the senior partner in the Democratic Alliance and largest party in the country.

Leader of the PMDB is Ulysses Guimaraes, a veteran opposition politican until last month when he got the key government post of leader of the Chamber of Deputies, the lower house of Congress. Sr Guimaraes is a left-winger with his own long-nursed ambition for the top job, and as chamber leader is constitutionally next in line to succeed after the Vice-President.

Indeed, during the dramatic night of March 14, when the Brazilian President elect was rushed to hospital, Sr Guimareas insisted for a while that it was he who should take over the presidency temporarily, on the grounds he was the most senior person in a new Government to have been already sworn into office.

While formally accepting Sarney's authority, the PMDB chief has since then been using his congressional and party power basis to lead what at times has looked like a parallel government. Pulled in different directions, by party and personal ties as well as ideological differences, the new Government has looked all too clearly like a headless beast.

At the Finance Ministry, Fransisco Dornelles has had authority as the senior figure on the economic team both because of his very close personal links to President Neves and because of his many years of government experience under the military.

Working with him is Antonio Carlos Lemgruber, the young central bank Governor who is bearing the initial brunt of the renewed contacts with the international banks and the International Monetary Fund. But already sharp differences over policy have emerged between these two and the Planning Minister, Joao Sayad, who is backed to some extent by Roberto Gusmao, the Industry and Commerce Minister.

The Vice-President commands neither the personal nor political authority to impose his will on his quarrelling subordinates.

While the politicians manoeuvre for advantage, key economic decisions will have to be taken soon.

● How to cope with inflation is undoubtedly, the thorniest task. Running at an annualised

Key decisions will have to be made soon

230 per cent, the underlying rate has in recent months been on a rising curb.

● Linked intimately is the salaries issue. The Government has to make a very difficult decision on the new minimum wage it is to set before the end of the month. Strikes, meanwhile, are spreading among the best organised and most militant unions

● The new government inherits a heavily indebted public sector whose borrowing requirement has risen to 20 per cent of Gross Domestic Product. Financing that deficit is a prime reason for the high domestic interest rates, of up to 30 per cent.

● The goal of keeping money supply strictly under control has been made harder by the recent forecasts for this year's trade surplus. Stripped of the tax breaks and pre-export finance from which they used to benefit, exporters are finding the going much tougher this year than last.

A likely development in the near future is a Cabinet shake-up to remove those figures identified totally with Neves, or else opposed by the powerful political chiefs in Congress. High on that potential casualty list is the Finance Minister, who is disliked by Sr Guimaraes for his uncompromising insistence on all-round austerity monetarist style.

Majority opinion in the Democratic Alliance favours the Planning Minister's view that macro-economics should be given a human face. This policy emphasis puts perceived domestic needs above those of the country's foreign creditors, who are bound to be anxious about their $100bn debt.

One clear consequence of the New Republic's painful birth pangs is thus likely to be a much tougher stance on debt renegotiations.

The continuing net transfer of resources abroad, so as to remain in good standing with the creditors, is the sort of policy which the Government will have great difficulty in getting through this Congress

Out of the rucks of the next few weeks, the most likely option to emerge is an uneasy marriage of convenience between Sarney in the Presidential palace and Guimaraes in the nearby Congressional building—the latter, in effect, becoming Prime Minister.

Tancredo Neves held that post for nine months in the early 1960's—the only previous time Brazil has dabbled with parliamentarianism.

Guimaraes' main task will be to hold together "the Democratic Alliance"—a grouping of the PMDB and the Liberal Front Party or PFL, formed by dissident former government politicians who had served the military.

It will not be easy to prevent his own strong left-wing from breaking away. The Government will have to move smartly down the promised road of social and economic reforms, to benefit the poorest classes. Too far or fast and he will alienate the bankers and businessmen.

Pressures for early fresh elections will be resisted by Congress and by most of the politically important state Governors. The argument used in public will be that such a precipitous move, at this delicate time, would be more than the military could swallow.

The threat of military re-intervention can always be used as a useful weapon in public—even if it is not an argument based on any substance. After 21 years in power, the Brazilian military are themselves debilitated and unsure of their own identity.

To many Brazilians, the human drama of the past month and the political crisis it has brought in its wake, must seem like an eternity. The military era is already fading fast from public minds—even though President Figuereido only stepped down at the beginning of last month.

It will take longer for the politicians to adjust psychologically to the fact that they are now on their own. They will have to find and work out solutions based on the balance of political forces in the country rather than operating within an artificial framework, dictated by a military institution with very different objectives.

The second article on the famine in Africa will appear shortly.

Ashley Ashwood

Tears for the President outside the Sao Paulo hospital.

Men and Matters

Bates' move at GEC

Three months short of his 61st birthday Lord Weinstock has carried out the long-awaited reshuffle of the GEC top management structure, thereby settling a few questions but also raising a number of new ones—in particular, who is the man most likely to succeed him as managing director.

Malcolm Bates, a fast-talking and gregarious GEC executive, aged 50, is clearly a man to watch in the new arrangement of the pack. He becomes deputy managing director succeeding Sir Kenneth Bond, one of the GEC old guard, who at 65 gives up that post but becomes vice-chairman.

Another senior move is the appointment of A. W. Rogers, 56, as finance director. He was comptroller of GEC. He has also been appointed to the main board.

Rogers' appointment may be seen as a formalising of the financial job—something which in the past has been largely performed by Weinstock and Bond working in tandem.

During the course of a decade with GEC, all of it at the Stanhope Gate headquarters, aBtes has had a wide involvement in all aspects of GEC's business. In particular he has become known as GEC's travelling man—buying and selling companies, putting together (and sometimes unscrambling) deals, and vigorously filling the peripatetic role that Weinstock personally hates. He has established a rapport with Weinstock, and he earned special marks for his part in winding-up the GEC-Hitachi joint television manufacturing venture last year.

Originally from the Portsmouth area of Hampshire, Bates has acquired wide experience in general management, industry, and the City.

He was a manager with Delta Metal before joining the Industrial Reorganisation Corporation in the late 1960s. After two years with IRC he went into the City with Spey Investments, and after that company was taken over by Brandt, he became joint managing director.

A one-time tuba player, Bates combines an infectious sense of humour with qualities which colleagues describe with such words as "energetic, tough, shrewd."

In British business Corporate finance men with a pipeline leading to £1.5bn are rare birds indeed.

Yet Anthony Hillier, aged 47, finds himself in this commanding position in his new job as managing director of GEC Finance the news company formed by GEC to invest the group's liquid funds for maximum return.

Hillier, formerly with N. M. Rothschild, has been on his own for the last year running his personal business in financial services, Lothbury Services. That has now been taken into GEC along with its founder.

The big question is how much of the cash mountain Lord Weinstock will allow Hillier to handle. Hillier says he doesn't know, "I am starting with a blank sheet of paper."

"I assure you Prime Minister —if it's Friday it must be Sri Lanka."

Miners' money

David Prosser, aged 40, faces two over-sized problems next week when he return from a visit to the U.S. to his desk at the National oal Board's Hobart House headquarters, London.

As the newly-appointed director-general of the NCB's two pension funds (miners and staff) he has to manage the miners' fund while the National Union of Mineworkers refuses to co-operate. He also has to invest an inflowing torrent of around £1m a day wisely and well for Britain's biggest pension fund.

The second problem seems the smaller. Although the NCB pension portfolio is now worth £6.3bn Prosser has been bequeathed a smooth-running management machine built up by his predecessor Hugh Jenkins.

Jenkins, who went off earlier this year to run the Heron International North American business, installed some 60 fund managers reporting to him in London.

Prosser takes over a first-class team. The mix is interesting. Half of them are property investment specialists. One quarter of them deal with venture capital. The remainder handle the fund's international stock market investments.

There is a single exception. One man is in charge of gilts. Yet that is an area that interests Prosser very much. Speaking from the U.S. last night he said, "The gilts market off ers very good value —real rates of return are very high. So l ong as the government is committed to containing inflation, gilts give a good return relative to inflation."

The miners themselves must be Prosser's bigger headache.

The NUM has been rowing with the pension fund before and during the coal strike about the fund's overseas investments.

Last year the NUM representatives on the fund's board of trustees resigned and the union refused to replace them.

In February Vice-Chancellor Sir Robert Megarry in the High Court approved the appointment of temporary trustees to ensure that the management of the fund should not be impeded. Five retired miners were chosen—pensioners of the scheme—in place of the usual NUM men. They have already attended a fund management meeting.

Prosser emphasising that the courts have given the fund the mechanism to continue to work effectively. "So long as its actions can be considered and reviewed by a trustee body and decisions implemented, we managers can function."

Yet clearly life will be easier in and around the miners' pension fund when the NUM leaders and their nominated representatives come back to the table.

Prosser steps into the top job at NCB pensions after 12 years with the board. He joined as an assistant investment manager in the superannuation department and went on to become managing director in 1981.

A product of University College of Wales, Aberystwyth, where he gained first-class honours in mathematics, he started his business career with Sun Alliance and London Insurance Group as an actuarial trainee. He is a fellow of the Institute of Actuaries.

In the trade

A London company, Metropolitan Services, has put up several thousands of pounds to back the new West End production of The Seven Year Itch at the Albery Theatre.

Managing director David Howson explains, "We are specialists in pest control."

Observer

BASE LENDING RATES

A.B.N. Bank	13½%
Allied Irish Bank	13½%
Henry Ansbacher	13½%
Amro Bank	13½%
Associates Cap. Corp.	14 %
Banco de Bilbao	13½%
Bank Hapoalim	13 %
BCCI	13½%
Bank of Ireland	13½%
Bank of Cyprus	13½%
Bank of India	13½%
Bank of Scotland	13½%
Banque Belge Ltd.	13½%
Barclays Bank	13½%
Beneficial Trust Ltd.	14 %
Brit. Bank of Mid. East	13½%
■ Brown Shipley	13 %
CL Bank Nederland	13½%
Canada Perm'nt Trust	13½%
Cayzer Ltd.	13½%
Cedar Holdings	14 %
■ Charterhouse Japhet	13½%
Choulartons**	
Citibank NA	13½%
Citibank Savings	¶12½%
Clydesdale Bank	13½%
C. E. Coates & Co. Ltd.	14 %
Comm. Bk. N. East	13 %
Consolidated Credits	13½%
Co-operative Bank	*13 %
The Cyprus Popular Bk.	13 %
Dunbar & Co. Ltd.	13½%
Duncan Lawrie	13½%
E. T. Trust	13½%
Exeter Trust Ltd.	14 %
First Nat. Fin. Corp.	14½%
First Nat. Secs. Ltd.	14 %
■ Robert Fleming & Co.	13 %
Robert Fraser & Ptns.	14 %
Grindlays Bank	‡13½%
■ Guinness Mahon	13½%
■ Hambros Bank	13½%
Heritable & Gen. Trust	13½%
■ Hill Samuel	§13½%

C. Hoare & Co.	†13½%
Hongkong & Shanghai	13½%
Johnson Matthey Bkrs.	14 %
Knowsley & Co. Ltd.	14 %
Lloyds Bank	13½%
Edward Manson & Co.	14 %
Meghraj & Sons Ltd.	13½%
Midland Bank	13½%
■ Morgan Grenfell	13½%
Mount-Credit Corp. Ltd.	13½%
National Bk. of Kuwait	13½%
National Girobank	13½%
National Westminster	13 %
Northern Bank Ltd.	13 %
Norwich Gen. Trust	13½%
People's Trust	14 %
Provincial Trust Ltd.	14 %
R. Raphael & Sons	13½%
P. S. Refson	14 %
Roxburghe Guarantee	14 %
Royal Bank of Scotland	13 %
Royal Trust Co. Canada	13½%
■ J. Henry Schroder Wagg	13½%
Standard Chartered	‖13½%
TCB	13 %
Trustee Savings Bank	13 %
United Bank of Kuwait	13½%
United Mizrahi Bank	13½%
Westpac Banking Corp.	13 %
Whiteaway Laidlaw	13½%
Williams & Glyn's	13 %
Wintrust Secs. Ltd.	13½%
Yorkshire Bank	13½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10½%, 1 month 11.25%. Fixed rate 12 months £2,500 11.75%, £10,000 12 months 12.00%.
† 7-day deposits on sums of under £2,000 10½%, £2,000 up to £10,000 11½%, £10,000 up to £50,000 11¾%, £50,000 and over 12%.
‡ Call deposits £1,000 and over 10½%.
‖ 21-day deposits over £1,000 11¼%.
¶ Mortgage base rate.
§ Demand deposits 10½%.
** See Provincial Trust Ltd.

مكتبة الأهرام

POLITICS TODAY FROM JOHANNESBURG

A South African balance sheet

By Malcolm Rutherford

THE other day in Johannesburg a *group of us** took out pencils and paper and decided to write down the pluses and minuses of South Africa, and then compare notes. Here are some of the results.

Quite the largest category turned out to be neither positive nor negative. We called it "indeterminate." It covers something which is objectively true, but the consequences of which are as yet unclear. For example, the fragmented opposition in South Africa could be a plus or a minus. It could be a plus from the government's point of view *in that it might* facilitate a policy of divide and rule. It could be a minus from the point of view of South Africa as a whole, and even from that of a reforming government, *in that it might* prevent talks from taking place on a more equitable division of land, power, social services and social justice, all of which is needed if the country is to develop its full potential.

The indeterminates will be dealt with last. First the pluses.

The biggest single plus is South Africa's mineral wealth. It has too many precious commodities for the world to be able to afford to cut off the Republic entirely. They include gold which, if the price rises, should help ease the country's present very deep recession.

South Africa also has the ability to feed itself, though it is subject to a water problem. Roughly half of Southern Africa receives so little rainfall that it is either desert or semi-desert. *Still, that could be* improved with new technologies and, in the meantime, South Africa is not going to starve.

The existing level of development is high, if uneven: a product of the first and third worlds living side by side in one country. The infrastructure is generally good. There is a degree of technical expertise not usually found in developing countries.

As Dr Gerhard de Kock, the Governor of the Reserve Bank, puts it: "South Africa is just large enough and developed enough economically to be able to keep going."

A more dubious plus consists of the South African Defence Forces: dubious because they are a heavy drain on resources. *But certainly the country is* strong enough militarily to resist and see off any regional threat.

Now for the minuses. South Africa is *sui generis*. No other country in the world has to deal with quite the same problems. Petty *apartheid* may be almost dead. Grand *apartheid* remains as a central objective of government policy and has the support of a huge majority of the white population, some of which has not taken too kindly to the limited reforms so far.

Economic policy in South Africa is expensive. It is expensive because practically all economic policy in South Africa is an extension of political policies. The present government claims to be embracing market forces. In fact, it is trying to do two things at once: to integrate the country economically while keeping it socially separate. There is a price. It means that you have to pump money into the black homelands while still seeking to satisfy the whites.

Every new economic departure, such as the plans to decentralise industry, is based on the search for an economic justification for a political theory: namely that the ethnic communications must be kept apart. Thus, the Government is involved in trying to run two economies simultaneously—one for the blacks and one for the whites—with all the duplication of services, however unequal, that goes with it. It is very doubtful whether even South Africa has the resources to sustain that sort of dual system.

Minerals and agriculture aside, the Republic is failing to keep pace with developing countries in other continents. Labour costs are high. In 1982, a black textile worker in Johannesburg earned one third more than his equivalent in Hong Kong and almost three times more than in Seoul, Singapore and Bangkok. Six years previously, the Johannesburg wage was well below the whole lot of them. Mr Barend du Plessis, the Finance Minister, says that South Africa has to learn to compete internationally. It has a long way to go, not least because too much activity has been concentrated on satisfying the home market. *Currently industry seems more* interested in capital rather than labour intensive investment.

Both economically and politically, the country is ridden with bureaucracy. A law in South Africa is very rarely abolished. Instead it is amended or added to: see, for instance, the frequent amendments to laws relating to separate development. They go back well before the Nationalists took power in 1948.

Bishop Tutu (left) and Chief Buthelezi

The result is that there is large groups of bureaucrats who do not know which law to enforce and when. The system thus becomes essentially arbitrary, and sometimes corrupt.

One of the most important side-effects is on the police. The South African Government is appalled by the recent shootings at Uitenhage, but it is emerging from the official inquiry under *Mr Justice Kannemeyer* that nobody is quite sure under which rules and regulations the police are working, or from what motives.

Between 1916-1981, some 17½m Africans were arrested for contravening pass law regulations. In 1983, 262,904 Africans were prosecuted for related offences, of who 142,067 were convicted. The system, it must be added, does not only affect those blacks who are acting illegally under South African law. It affects all blacks, since all of them are liable to be stopped for checking.

It also degrades the police, for they have become the en*forcers of political policies*—the evolution of which is unclear even to the government—rather than the protectors of society. The role of the police, one suspects, is at the heart of *South Africa's problems.* But with it goes the question of what the authorities want the law to be.

There is one more potential minus. Maybe the attempts at reform have come too late for enough people to take the government seriously and be ready to enter talks on a new deal. There have been few takers so far for President Botha's offer of an era of negotiation.

If that state of play continues, there are three not wholly incompatible possibilities:

- South Africa continues to simmer, neither civil war, nor civil peace, but with the lid generally kept on.
- *Eventually unrest, rather* than uneasy truce, becomes the dominant factor, thus further crippling any hopes of economic development and negotiated reform.
- The Government goes ahead with reform unilaterally in the absence of negotiating partners. It could, for example, abolish, or anyway drastically reduce, the restrictions on freedom of movement by the blacks.

It is here that we come to the "indeterminates" in the game of consequences.

Not the least unknown factor is *what the predominantly* Afrikaner Government and *its* supporters make of their own history. It is possible that they see it as a triumph over not only English colonialism, but also over the blacks. Yet they could *be more magnanimous.* They could think that the blacks are now held down as the Afrikaners once were and go for greater equality. I saw more evidence of that kind of *approach, especially among top* Afrikaner civil servants and ministers, than I had expected, though seasoned observers warn of a white backlash.

Likewise unknown is what the country is to do about its huge, but largely unskilled, potential labour force. Are the unemployed blacks going to pull the country down or can they be trained to pull it up? The answer to the question must be as much political as it is economic, for it is the growth of the black population that has created the country's main problem. The blacks are politically *without rights*, but South Africa cannot much develop economically without them.

The consequences of the relative failure of much of the rest of Africa are again an unknown quantity. South Africa, black and white, follows events beyond its borders very closely. The Government thinks that the long honeymoon of African independence is over, and that *a new realism is beginning.* But there is also a sneaking thought that if black Africa continues to decline, South Africa will go down with it. You cannot run a continent from one end only. Educated blacks are unsure what to make of recent agreements between South Africa and Mozambique: acceptance of reality or a pause for thought?

A lot comes back to the divided opposition. It is a fiction to suppose that all blacks are agreed on what to do about *apartheid.* But it may also be *a fiction for the Government to* think that it can find black leaders to talk to. Chief Buthelezi in KwaZulu, one of the homelands that refused to take independence because it did not wish to be deprived of South African nationality, remains implacably opposed to violence and is perhaps the most impressive of the lot. Yet he is still not ready to talk on the Government's terms.

Others, such as Archbishop Tutu, have become caught up in much wider movements like the United Democratic Front which could scarcely produce an *agreed agenda for negotiation.* In any case, the opposition groups spend much of their time attacking each other. From the Government's standpoint, it seems unlikely that it will *ever find a credible negotiating* partner so long as black officials in the townships are asked to implement discriminatory policies. Much black energy nowadays is devoted to intimidating those people. As Chief Buthelezi notes, one of its most serious developments is the way black has turned—or been turned—against black.

A final indeterminate, put by senior Ministers, is that South Africa does have a fall-back position. The country could retreat into Fortress South Africa, economically more or less self-sufficient and fighting out its problems "African style." But it is not yet what the government wants to do.

That is one consoling thought. Those who look outwards are still on top. The other is that there is a kind of South African nationalism, black and white. Hardly anyone want to give up on the country. Other Africans, said one Minister, are "still swimming our crocodile-infested rivers in order to get into awful *apartheid* South Africa." It is not yet a burnt-out case.

* *Participants, who may not necessarily agree with the conclusions, included Anthony Robinson, the FT South Africa correspondent, and Michael Holman, the FT Africa Editor.*

Lombard

Finding a role for Prestwick

By Michael Donne

THE GOVERNMENT'S decision to reprieve Prestwick Airport in Scotland at least until 1989 has been taken for political, not aviation, reasons. Closure would have caused more unemployment in Scotland, both directly among airport workers, but also indirectly because British Aerospace, which has a factory there, would have been obliged to shut down if the airport went. BAe had already been delivered one blow with the loss of the much desired RAF basic trainer aircraft—that deal went to Shorts of Belfast. BAe's Pilatus PC-9 would have been built at

But the politics behind the decision do not extend, so far at least, to further government help to sustain the airport, beyond the recent designation of it as a "Freeport." It is now up to the British Airports Authority, which owns the airport, the local authorities and the airline industry to do what they can to revitalise Prestwick.

Declining for some time

The airport has been declining for some time largely because of the lack of trans-atlantic air traffic—the role for which it was ideal in the era of the pistons and turbo-props, but which has been eroded by the increasing non-stop range of modern jets. It still has a role for cargo operations, charter flights, a few scheduled services and as a diversionary airport in emergencies, but not enough to make it pay. It lost £3.4m in 1983-84. Moreover, its distance from Glasgow has also effectively ruled it out as a major "hub" for short-haul domestic and international services, a role better fulfilled by Abbotsinch, closer to the city.

The effect on employment is not the only reason for being reluctant to abandon Prestwick. The airport, although under-utilised, is still an economic asset, and growing pressures on runway capacity elsewhere in Scotland may yet ensure a role for it. The expansion of Abbotsinch, and even Edinburgh, for long-haul trans-atlantic travel would be expensive, and perhaps even impossible—especially at Abbotsinch where a longer runway would be needed.

How then, does Prestwick survive, and what must be done over the next four years? There are various possibilities, which will require the Government and others to accept some radical thinking. The Freeport concept should be pursued with greater vigour by everyone involved, as has happened at Shannon in Eire, an airport that in the past suffered much the same kind of problem as Prestwick.

Shannon sets good example

The possibility of the Ministry of Defence making more use of Prestwick as a forward Nato base for Atlantic maritime reconnaissance, with greater use of it also by the U.S. Air Force, should not be ignored.

The Civil Aviation Authority should be more liberal in permitting new low-fare trans-atlantic airlines such as Highland Express to start services there. Airlines anxious to *make more use of twin-engined* aircraft for long-haul overwater flights should also be encouraged—for them, Prestwick could be a useful haven.

The BAA itself could be en*couraged to exploit a wide* range of non-aviation activities, such as promoting light industry. Here again, Shannon has set a good example.

Properly developed, with *imaginative measures and a* governmental willingness to permit innovation, Prestwick could still find a major role. Prestwick's reprieve has met with mixed reactions within the *aviation business. Instead of* arguing about it, all in aviation should unite to find ways of exploiting it.

Letters to the Editor

Composites and profits

From Mr G. Paterson

Sir,—As a former chairman of the accounts panel of the British Insurance Association and a retired general manager of one of the largest composite groups, may I congratulate you on the opening 10 words in Lex of April 1. They pose the critical and complex question of what profits a composite insurance company makes. I submit that there is a fundamental difference between the profits made by an insurance company and, on the other hand, the effects of world-wide economic events reacting on its net asset value, ie Stock Exchange and foreign exchange movements.

Critical influences on the accounts of a composite insurance company are: (a) Receipt of premium to cover future liabilities, current expenses and, to some extent, future expenses. (b) Investment income arising from the funds in (a). (c) Investment income arising from subscribed capital and ploughed back profits. (d) Realised investment gains/losses. (e) Unrealised movements in investment values. The first three fall clearly into annual profit and annual earnings per share. Because it is essential to give indications of the investment management of the portfolio any concept of best accounting practice must arrange that they be individually disclosed in juxtaposition with a net movement in values emerging. As (e) is not a realised gain the net movements of (d) and (e) should not be included in annual profit, and thus any average of these movements is similarly false.

Were we to accept that (d), being a realised gain, should be included in annual profit this would entail its separation from (e). Management would then be in a position to manipulate annual profits by selecting for sale individual investments standing at a profit, even though the overall value of the portfolio is very low. Such a practice can hardly fall within "a true and fair profit for the financial year" as demanded by the Companies Acts.

Eagle Star has circumvented this logic by resorting to a crude average of unrealised gains being included within annual earnings, thereby introducing fantasy into what was formerly factual accounting.

Many questions ensue. Do we need another SSAP to standardise practice? If not, who will control changes in the averaging factor selected by management, particularly when another crisis in Stock Exchange values emerges on the scale of 1931 or 1974? Is it acceptable that a part of the annual profits reported by Eagle Star cannot be legally distributed? What damage will be done—and what has already been done—to the current freedom from taxation of unrealised gains?

In the past the analyst or shareholder has been able to elicit the information in (a) to (e), these accounts giving far more detailed information than that provided by any other section in the stock market, and has therefore been able to evaluate the performance of a share. What is the point of dressing figures by the means Eagle Star has selected unless it is to mask a lamentable performance? Such masking, if copied, will only tend to delay the return of adequate premium levels to the market-place.

Gordon M. Paterson,
98 Wolsey Road,
Northwood, Middlesex.

Trade and diplomacy

From the Co-ordinator,
Ove Arup Partnership

Sir,—I find it incredible that in an article purporting to be a serious review of the Foreign Office and its performance—Ian Davidson, April 9—there should be absolutely no reference to commercial issues.

What disturbs those of us who seek business overseas is the lack of sufficient *training* and motivation of our diplomats in commercial matters. There are exceptions and more effort appears to have been devoted to such matters during the present administration. But there is more good will than real understanding and performance. It appears to remain true that too much priority is given to political matters and too little to really helping exports. I believe that our Foreign Office "has a reputation which is not as high in some areas as the French" (Viscount Davignon) because of this. Our diplomats should be told at an early age that the progress of their careers will depend upon the quality of their commercial intelligence equally as much as that of their political intelligence.

Richard Oake,
13, Fitzroy Street, W1.

Disqualifying directors

From the Director,
Public Affairs,
Dun & Bradstreet

Sir,—The controversy surrounding the Government's initial proposals to disqualify directors involved in a compulsory company liquidation appears to be out of context.

The vast majority of company directors are, indeed, responsible; they are very much aware of their duties, and with energy and honesty try to follow the best course for the companies they manage.

This is also true of non-executive directors who, while not as close to day-to-day management of the companies with which they are associated, most certainly do understand that they too have a responsibility not only to shareholders, but to all others with whom business dealings are conducted.

What we are really concerned with here is the small number of directors each year who do not act in accordance with the existing Companies Act. In 1984 well under 50 per cent (5,626 out of a total of 13,647) of company liquidations were compulsory, which, when figured as only 0.57 per cent of the total UK company population (estimated at 986,000) shows how minimal an area it is that is creating such controversy.

As most of these errant companies are small by any acceptable definition, and are mostly two or three director family businesses, it seems extraordinary to me that those purporting to represent company directors as a body should be lobbying for a degree of protection which, if granted, will virtually result in a maintenance of the status quo.

John Dawson.
26-32 Clifton Street, EC2.

Putting exams in their place

From the Chief Executive,
Northamptonshire Chamber of Commerce and Industry.

Sir,—Michael Dixon (March 28) is wrong to blame employers for the emphasis on examination results. The largest association of businesses in the UK, namely the Chamber of Commerce movement, has tried to lay this ghost. Its recent paper clarifies for Sir Keith Joseph the employers' view which is that examinations are only one way of assessing achievement which, though useful, is inadequate.

Employers would like to see exams put in their proper place. Exams test academic ability which is not a particularly interesting quality to test when it comes to recruiting for most jobs. Exams are designed by academics largely for use as a selection process for higher or further education; they are therefore too closely tied to old-fashioned academic subjects rather than courses which relate to the real needs of working life. Exam results are usually not available when school leavers enter the job market. Examination boards normally give no information on the achievement of the candidate except for a *single grade which is of limited* value in assessing that candidate's strengths and weaknesses. If a job seeker did not take any exam in a particular subject or if he took it but was ungraded, the employer gets no information at all on what could be ten years of course work in the subject.

The reason why employers currently place such emphasis on exams is because the education service offers little or nothing else. What we would really like is information on the school-leaver's strengths and weaknesses, his ability to get on with people, ability to learn, communication skills, numeracy (which is not the same as maths O level), and whether he has some understanding of how our community creates its wealth. Where is the examination board which assesses these qualities?

The sooner we can equip all school leavers with a profile of their achievements at school, showing briefly and simply their strengths and weaknesses, their aptitudes and interests, the sort of course work they have followed and the way they coped with it, the better. Meanwhile it is no good blaming employers for relying on the only information they are offered.

Simon G. Sperryn,
65, The Avenue,
Cliftonville, Northampton.

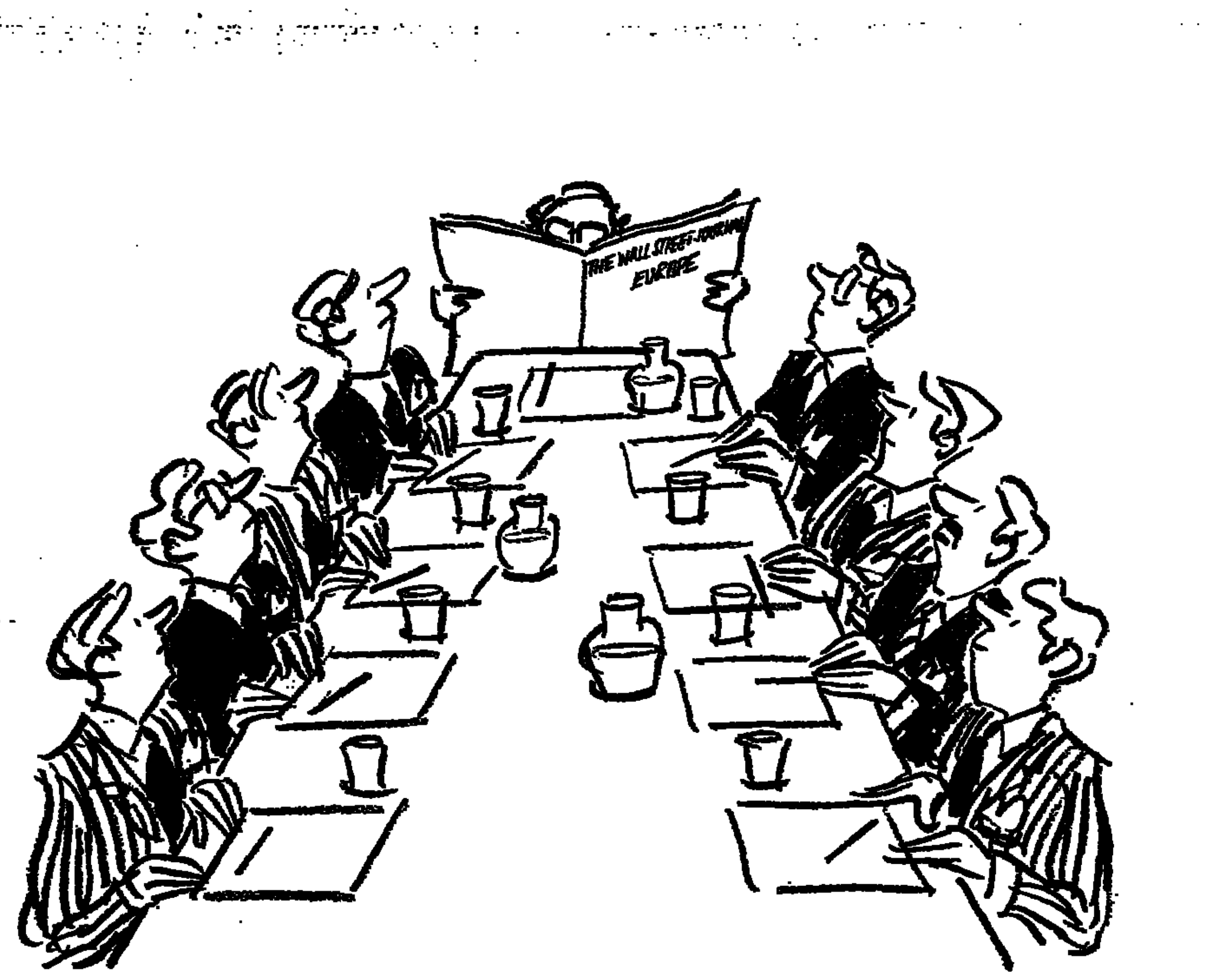
An architect's customers

From Mr R. Morton

Sir,—I was astonished to read the letter from the president of the Royal Institute of British Architects (April 6) propounding the doctrine that the customers (apparently those who pay the architect) *should* have whatever they want. The principle underlying planning legislation is that the "customers" include the general public who have to look at and use buildings. It is not inherently surprising if people who are brought up and live in houses tend to prefer commercial buildings which are on a scale to which they can relate rather than many of those which modern commercial pressures produce. It is for instance the scale rather than the merit of individual buildings which gives Little Britain its charm.

I hope therefore that Colin Amery will continue to champion the interests of a wider public and that Mr Manser will devote his energies to the many excellent sites which are available to the south and east of the City.

Roger Morton.
Rose Cottage,
Kirk Ireton, Derby.



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FINANCIAL TIMES
Friday April 12 1985

BELL'S SCOTCH WHISKY BELL'S

Earnings at IBM down 18% in first quarter

By Paul Taylor in New York

IBM, the world's largest computer manufacturing group, yesterday reported its first quarterly earnings decline for more than three years. The setback, which had been expected, primarily reflects the impact of the strong U.S. dollar and planned introduction of new products.

The company had first warned Wall Street that earnings would be flat and then, last month, to expect a decline. It said net income fell by 18 per cent to $986m or $1.61 a share, compared with $1.2bn or $1.97 a share in the same period a year ago. Total revenues grew by a marginal 2 per cent to $9.77bn from $9.59bn.

Equipment sales in the first quarter increased to $6.12bn from $5.49bn, while service income rose to $2.44bn from $2.19bn and rental income continued to decline to $1.21bn from $1.9bn.

The earnings decline, the first for IBM since the 1981 fourth quarter, was broadly in line with market expectations. Most Wall Street analysts had been expecting first-quarter per share earnings of between $1.50 and $1.95 a share.

IBM's setback comes as the U.S. computer industry is going through a period of consolidation, reflecting the slowing pace of new orders.

Over the past few months, Apple Computer, Digital Equipment Corp, Data General and Wang, among others, have all warned about the impact of the slowdown in orders and IBM itself announced last month that it was ceasing production of its home computer, the IBM PCjr.

Mr John Akers, IBM's president and chief executive, commenting on the computer giant's results, said: "There were two principal factors which affected gross income and net earnings in the first quarter of 1985 compared with the first quarter of 1984.

"We experienced a slowdown in installation activity in our high-end storage and processor installations as some customers paused to evaluate our recently announced 3090 processor and enhanced 3380 storage devices.

"In addition, the continued strengthening of the dollar to the high levels reached in March and its effects on currency exchange rates had a significant negative effect on first-quarter results."

Louise Kehoe in San Francisco adds: Intel Corporation, the California semiconductor manufacturer, has reported weaker earnings on flat sales for its first quarter to March 30. The company had net income of $11m, or 9 cents a share, compared with $50m or 42 cents a share a year ago. Revenues increased slightly to $375m, from $372m in last year's first-quarter.

U.S. and Europe still at odds over trade talks

BY DAVID HOUSEGO IN PARIS

INDUSTRIALISED countries were edging last night towards an agreement on the timing of a new round of multilateral trade talks.

Substantial differences, however, still remain between Europe – and in particular France and Italy – and the U.S. over both the scope of new talks and when they should begin.

It was not clear last night whether trade and finance ministers from the Organisation for Economic Co-operation and Development countries would reach a compromise today before the end of their two-day annual meeting or whether the issue would be left open for next week's IMF meeting in Washington or for the Bonn summit of industrialised nations in May.

Officials were struggling last night with a compromise formula that would call for talks "as soon as possible", although the U.S. is seeking a more specific commitment.

Mr William Brock, the U.S. trade representative, called for preparatory talks among senior officials on a new round of General Agreement on Tariffs and Trade meetings to start this summer with a formal launching of the round in early 1986.

This position had the support of Japan, Canada, Sweden and Britain, among other nations.

Arguing the need for urgency, Mr Malcolm Baldrige, the U.S. Secretary of Commerce, said that "a strong protectionist backlash has developed in the United States," and added that this would grow unless other major markets were opened up soon. The U.S. also voiced at the meeting its threat to enter into separate negotiations with Japan and other interested countries if no agreement were reached on a new multilateral round.

In a strong statement on behalf of the EEC, however, M. Willy de Clercq, the Commissioner for Foreign Affairs and Trade, linked EEC participation to three "conditions" – the implementation of existing roll-back and GATT agreements; parallel negotiations on monetary reform and financial flows; and credible measures by Japan to open its internal markets.

M de Clercq added that before a new round of trade talks could begin, there needed to be a real prior consensus on their scope and on the participation of key developing countries. He described the fixing of a date for the new round as "accessory".

Reflecting Europe's fears that Japan will make concessions over import liberalisation to the U.S. that would neglect the interests of the EEC, M de Clercq described the specific measures announced by the Japanese Government as "tailor made for the U.S."

The U.S. and Europe were none the less at one yesterday in condemning the restrictiveness of the Japanese market, and the final communiqué to be issued today explicitly points to the "international trade tensions" provoked by Japan's current account surplus.

Over the two other "conditions," however, M de Clercq was seen by some of his European colleagues to have overstepped his brief. It was not clear whether this was a negotiating tactic in face of the hardline U.S. attitude or whether he was deliberately reflecting the reluctance of several European countries – and of France and Italy in particular – towards committing themselves to a new trade round, which by increasing imports into Europe would increase unemployment.

On the link between trade and monetary talks aimed at reducing currency instability, on which the French are insisting, Mr Onno Ruding, the Dutch Minister of Finance, and currently chairman of the IMF interim committee, said: "Many will be shy of making a formal link."

U.S. delegates said there was "absolutely no question" of a link between the two issues.

Mr Paul Channon, the British Trade Minister, said Britain wanted preparatory talks to begin this summer with a view to full negotiations beginning in 1986.

All delegations yesterday saw preparatory talks as inevitably being difficult in view of the potential disputes over an agenda.

UK union candidate calls for ballot re-run

By Philip Bassett, Labour Correspondent, in London

CONTROVERSY over the election last year for general secretary of Britain's largest union, the Transport and General Workers (TGWU), sharpened considerably last night when the main losing candidate, Mr George Wright, called for a re-run of the ballot.

Mr Wright, the union's Wales regional secretary, will make his request formally to the union's governing executive council. Speaking on a BBC television news programme, Mr Wright said he might have to consider legal action if the TGWU not respond to his call.

Suggestions of irregularities in the election have grown since a narrow majority of 44,817 votes out of a total membership of more than 1.5m favoured Mr Ron Todd, the candidate broadly supported by the left, over Mr Wright, who had centre and right support.

Senior union officials now privately believe the ballot may have to be re-run, if only to avoid worse evils such as a complete investigation, or a re-run prompted by an agency such as the Government's Certification Office.

Mr Wright previously had been careful to stand apart from public disquiet about the vote, but last night he said, "enough is enough."

He called for a new ballot "in order to extricate the union from a very difficult situation," and said "it is the only possible way that I see of preventing further damage to the union by continuing arguments."

He said he was "suspicious" that irregularities in the ballot might have been widespread enough to have made a difference to the vote. He said that the broad left "decided not so much who was going to win the ballot, but certainly decided who was not going to win the ballot."

He said there had been "so much damage" done to the union by press speculation about the election, complaints, proven irregularities and proven ballot-rigging that calls for further investigation would only increase the damage; a re-run was necessary.

Mr Wright's comments follow an insistence earlier this week by Mr Moss Evans, outgoing TGWU general secretary, that the allegations over the ballot were part of a smear campaign. He the ballot had been "scrupulously fair."

A survey commissioned by the BBC programme of three key TGWU Irish branches points to irregularities in the voting. An Irish turnout of 72 per cent is claimed by the union, but the survey shows that only 32 per cent stated that they had voted in the election; as many as 62 per cent did not vote, 4 per cent could not remember, and 1 per cent refused to answer.

Delors hits back at U.S. attack on Europe's technology stance

BY ALAN FRIEDMAN IN VENICE

M. JACQUES DELORS, president of the European Commission, yesterday warned against Europe being overwhelmed by technology and said it remained "uncertain" whether new technology would create or destroy jobs.

M Delors, who also spoke of "too many unfounded criticisms of the European economic model," was speaking in Venice at a 24-nation ministerial meeting on the problems of unemployment and the application of new technology.

His comments came just 24 hours after Mr Malcom Baldrige, the U.S. Commerce Secretary, delivered a harsh attack on restrictive European industrial policies at the Venice conference.

M Delors, who set out a four-point response to the Baldrige criticisms, said he "appreciated the frankness with which the Americans had spoken" but felt he had to reaffirm the "solidarity" of the European economic model.

M Delors said that he was less inclined to accept a lecture on free-market economics, namely the philosophy of Mr Milton Friedman, the U.S. economist, when it came from a government which permitted a massive budget deficit and very high military spending while preaching "Friedmanism."

While agreeing that Europe needed to be more flexible in its industrial policies, needed to reap the benefits of additional integration and needed economies of scale and greater co-ordination in technological research, M Delors insisted that Europe needed to remain faithful to a mixed economy and to "its own nature."

The four points set out by M Delors, which immediately distanced him from the extreme free market views of Mr Baldrige, were that Europe needed to:

- Consider ethical issues which would help it to master technology rather than being overwhelmed by it
- Be concerned about relations between society and the individual
- Have a mixed economy based on the joint forces of the marketplace, public institutions and healthy relations between trade unions and management
- Maintain the ideals which had permitted social as well as economic progress since 1945.

"It is not possible to transpose a model from one country to another," he concluded, adding however that the U.S. experience was useful for Europe, particularly in the field of launching small and medium-sized businesses.

The tone of M Delors' speech in Venice, along with that of M Michel Delebarre, the French Employment Minister, who emphasised the need for "a social consensus," suggested that European ministers may have agreed with several points in the U.S. critique on Wednesday, but were ruffled by the directness of Mr Baldrige's approach.

The two-day Venice conference was viewed by most ministers attending as a useful exchange of views, which according to Mr Tom King, the UK Employment Secretary, has helped "to improve understanding" among the world's most industrialised nations.

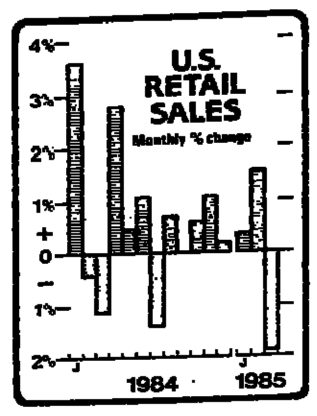
As one delegate pointed out, however, the conference highlighted differences over the use of new technology for job creation and showed how much weaker Europe's position was when compared to that of the U.S.

U.S. and Europe at loggerheads, Page 3

THE LEX COLUMN

The dollar loses its customers

U.S. retail sales figures may be notoriously unreliable, but yesterday's March estimate, showing a 1.9 per cent fall on the previous month, was bad enough – even with a margin for error – to give the dollar a serious jolt. And it reinforced the bearish mood that has been building up recently in Wall Street over prospects for the U.S. economy.



Yesterday, the pound closed at around $1.25 and its trade-weighted index of 78.2 was the highest since last August. Against the D-Mark, the dollar lost 6 pfg. The first economic indicator to be published for several weeks, retail sales may have been invested with disproportionate significance. After all, January and February saw relatively buoyant consumer spending, making a correction in March quite probable, and yesterday's figures could still be revised. But any more bad news in next week's indicators – industrial production, housing starts and revised first quarter GNP – could cause a more serious shift to non-dollar assets.

Watching this, the Federal Reserve must be feeling in a familiar quandary. If the dollar were to embark on a free fall, the Fed might be tempted to follow the British example and tighten monetary policy. Yet with the economy apparently turning ever more sluggish, a domestic banking system looking increasingly fragile and threats of renewed difficulties with debtor countries, its hands are rather tied.

Both the U.S. bond market and the dollar seem to believe that, if anything, the Fed will ease. To the extent that this is already discounted in the currency, Mr Volcker appears to have just a little room for manoeuvre; provided he is not too pertubed by the growth in the money supply aggregates. But the best bet is that – like currency traders – he will sit tight until next week's flurry of financial statistics was been digested.

Gold Fields

Having mysteriously refused to buy British assets in Britain during the period of dollar strength, American companies are now being offered them in the U.S. instead. Yesterday Consolidated Gold Fields joined Imperial Group and Grand Metropolitan in the grand auction of assets bought when times were good and the dollar was weak. With the dollar now back on the slide, there is every incentive to sell underperforming businesses and lock in the foreign exchange profit.

Gold Fields made a conspicuous mess of its U.S. diversification, but at least the group cannot be faulted for its foreign exchange management. Four years ago, when the company was eyeing Newmont Mining, it switched the proceeds of a £181m rights issue into dollars at a rate of $2.41. Now it is proposing to sell all its U.S. industrial operations and has already secured a rate of $1.14 by buying forward sterling with borrowed dollars.

Gold Fields is aiming to clear book value for the assets, which suggest a target figure approaching $150m for the whole package. In order to achieve that, the group will assume the borrowings of the U.S. interests and will discuss with any potential buyer the transfer of what must be some formidable tax losses. Even so, Gold Fields will do well to emerge without book losses.

Even leaving aside the disastrous Skytop Brewster drilling business, the industrial assets have been no model of consistency. On Gold Fields' own accounting basis, operating profits fell by almost a half in 1983 and then doubled back – to $13m – last year. Gold Fields has been discussing the disposal of these operations for years and, in the light of the record, it is easy to see why.

Burmah

For the first time since 1980 Burmah actually has something to show for its year's activity at the bottom line. With no major write-offs in 1984 and net income in the continuing business – mostly Castrol – up from £35.4m to £44m, there was not merely enough to cover an increased dividend, but something for the balance sheet as well. Being unused to pleasant surprises from Burmah, the market had probably failed to work out the full benefit of known disposals – like Halfords. Yesterday, the sight of gearing down to 40 per cent or so was worth another 15p on the share price; at 221p Burmah is close, on sheer improved results, to the levels associated with bid speculation.

If Burmah's determination to deal with its haemorrhage in the Bahamas is taken seriously, and it finally succeeds in selling Quinton Hazell, there may not be much retained profit in 1985: extraordinary charges would see to that. But in that case, interest savings alone should keep earnings moving up. The more that Burmah does to strip down its more dubious assets, however, the less likely it looks to attract bids. Moreover, the billion dollar contingent liability on its LNG-shipping contract looks a pretty effective shark repellent.

GEC

What to do with its cash, and how to arrange the eventual replacement of Lord Weinstock are issues on which GEC has not always been terribly convincing.

Both questions are formidably difficult, and while the repurchase of GEC shares has become a marginal use for excess cash, GEC's management succession has seemed much harder to arrange in a piecemeal way. In effect, GEC has now decided simultaneously to make a more direct attack on its investment problem and to convert the succession issue into something more roundabout – by changing the whole structure of central management.

A venture capital company should foster riskier and more interesting investments than gilt-edged, while a two-tier board on the German model will allow more line-managers to get a sight of the group's central decision making.

That could throw up a few more potential candidates, and increase the continuity of management in any event. It could even create more efficient sharing of technology – and other resources – between different GEC companies.

The unchanged share price – 184p – showed the market in agnostic mood yesterday.

GEC to set up new management board and investment affiliate

BY GUY DE JONQUIERES IN LONDON

GEC, the leading UK engineering and electrical group, is to create a board of senior executives to co-ordinate its business activities and has set up a financial investment affiliate as part of a top-level management reorganisation.

The planned 25-member board of management is modelled on the structure found in many large West German companies. It will be chaired by Lord Weinstock and will consist of several main board directors and the managers of the company's principal businesses.

GEC said the new board would contribute to future development and growth by providing more cohesion and cross-fertilisation between the company's different operating units, enabling resources to be used more effectively.

Mr Malcolm Bates has been appointed deputy managing director, succeeding Sir Kenneth Bond, who recently turned 65 and has been made vice-chairman. Mr John Rogers, formerly GEC's comptroller, joins the main board in the newly-created post of finance director.

The company has also broken down its power engineering group into smaller units in an effort to decentralise decision-making. Sir Alan Veale has stepped down as managing director of that group but remains on the GEC board in an advisory capacity.

The reorganisation follows the retirement in the past few years of many of the senior executives responsible for running GEC after it was formed out of a series of mergers in the 1960s.

The intention is to give greater responsibility to a team of younger managers under the leadership of Lord Weinstock, aged 60, GEC's managing director. The London stock market was cautious yesterday about interpreting the likely impact of the changes, and GEC's share price closed unchanged at 184p.

A new wholly-owned subsidiary, GEC Finance, will be responsible for investing some of its £1.5bn ($1.87bn) cash mountain and identifying acquisitions of or investment in "businesses in lines of activity less directly concerned with the company's existing businesses."

The subsidiary will be charged with seeking higher returns than are generally available on the money markets. As well as engaging in venture capital, it is expected to play a role in advising GEC on possible acquisitions of a more strategic nature.

Mr Anthony Hillier, formerly of merchant bank N. M. Rothschild, has been named managing director of GEC Finance. The size of the funds under his control is expected to be less than £100m initially.

Men and Matters, Page 16

UK mining group to sell U.S. interests

BY LIONEL BARBER IN LONDON

CONSOLIDATED Gold Fields, the UK-based mining and construction materials group, has put its U.S. industrial interests up for sale.

The group expects to raise between £100m and £140m ($125m – $175m) for the businesses, which include a scrap trader, a steel mini-mill, a foundry and the disastrous acquisition, Skytop Brewster, a large drilling rig manufacturer.

The sale, which was well signalled by Gold Fields, marks the end of the group's earlier ambitions to diversify out of its basic mining and construction materials businesses in the U.S.

The strategy fell apart just over two years ago when the group was forced to make an extraordinary provision of £87m to cover losses at Skytop Brewster, and Mr David Lloyd-Jacob, the group's chairman and chief executive in America, resigned.

After the announcement Gold Fields share price in London rose 12p to 557p. "It means Gold Fields are going back to basics which is what they do best," said one broker.

Gold Fields stressed that all the companies, with the exception of Skytop, are profitable. The group, however, has yet to find a buyer.

Gold Fields intends to sell the companies, which form the Gold Fields American Industries group, either individually or as a whole, within the next 15 months. This way, they can be included in the financial accounts for 1985-86.

Gold Fields will continue to have a strong presence in the U.S. through its 26 per cent stake in Newmont Mining Corporation, the natural resource group, and through its wholly owned subsidiaries, Gold Fields Mining Corporation and ARC Americans Corporation, one of the biggest concrete pipe producers in the U.S.

Lex, this page; Mining, Page 24

Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	15	59	Dubrovnik	S	19	66	Malaga	–	—	—	Salzburg	F	14	57
Algarve	S	20	68	Faro	S	20	68	Malta	S	23	73	Seoul	C	14	57
Algiers	S	20	68	Florence	C	17	63	Manila	S	35	95	Singapore	F	31	88
Amsterdam	C	8	46	Frankfurt	R	11	52	Miami	S	22	72	Stockholm	S	7	45
Athens	S	27	81	Funchal	F	17	63	Milan	F	15	59	Strasbourg	C	11	52
Bahrain	S	26	79	Geneva	F	12	54	Moscow	F	1	34	Sydney	S	23	73
Bangkok	S	38	100	Gibraltar	S	18	64	Munich	F	11	52	Taipei	C	20	68
Barcelona	S	16	61	Guernsey	R	8	46	Nairobi	C	24	75	Tangier	S	18	66
Beirut	C	21	70	Helsinki	S	4	39	Naples	C	16	61	Tehran	–	—	—
Belgrade	F	15	59	H. Kong	C	23	73	New Delhi	S	30	86	Tel Aviv	S	25	77
Berlin	[illegible]	7	45	Innsbruck	S	13	55	New York	F	10	50	Tenerife	C	19	66
Biarritz	F	11	52	Inverness	F	9	48	Nice	S	20	68	Tokyo	R	18	64
Blackpool	R	5	41	Istanbul	S	24	75	Oporto	F	14	57	Toronto	–	—	—
Bordeaux	R	6	43	Jersey	F	10	50	Oslo	S	2	36	Tunis	F	19	66
Brussels	C	7	45	Jo'burg	S	19	66	Paris	R	9	48	Valencia	S	22	72
Budapest	C	15	59	Las Palmas	F	20	68	Prague	F	12	54	Venice	F	14	57
B. Aires	F	22	72	Lima	F	26	79	Reykjavik	C	6	43	Vienna	S	14	57
Cairo	S	32	90	Lisbon	S	16	61	Rio de J'o	S	34	93	Warsaw	C	5	41
Cape Town	S	26	79	Locarno	S	16	61	Rome	S	17	63	Zurich	F	10	50
Caracas	F	27	81	London	R	9	48								
Casablanca	C	17	63	Los Angeles	F	22	72								
Copenhagen	Sn	1	34	Luxembourg	C	8	46								
Corfu	S	23	73	Madrid	S	16	61								
Dublin	R	4	39	Majorca	S	20	68								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder H–Hail

Bhopal plant closes

Continued from Page 1

ing point with the Indian Government or the fact that Union Carbide was not prepared to accept responsibility for the disaster, he said: "We have accepted moral responsibility for the tragedy but we have not accepted legal responsibility." But the sticking point, he said, was the amount of compensation.

Mr Zutty said his company had been disappointed at the refusal of planning permission for a gas-mixing plant, to be used largely by the electronics industry, at Livingston New Town, near Edinburgh.

"We have let the word out that we would like to go elsewhere near the micro-electronic manufacturing plants of 'Silicon Glen', and at least five applications have been made by local authorities," said Mr Zutty. "We will select one in the near future and proceed with the plant," he added.

He said that Union Carbide wanted to grow in the UK and was searching for acquisitions in the field of high technology and consumer products.

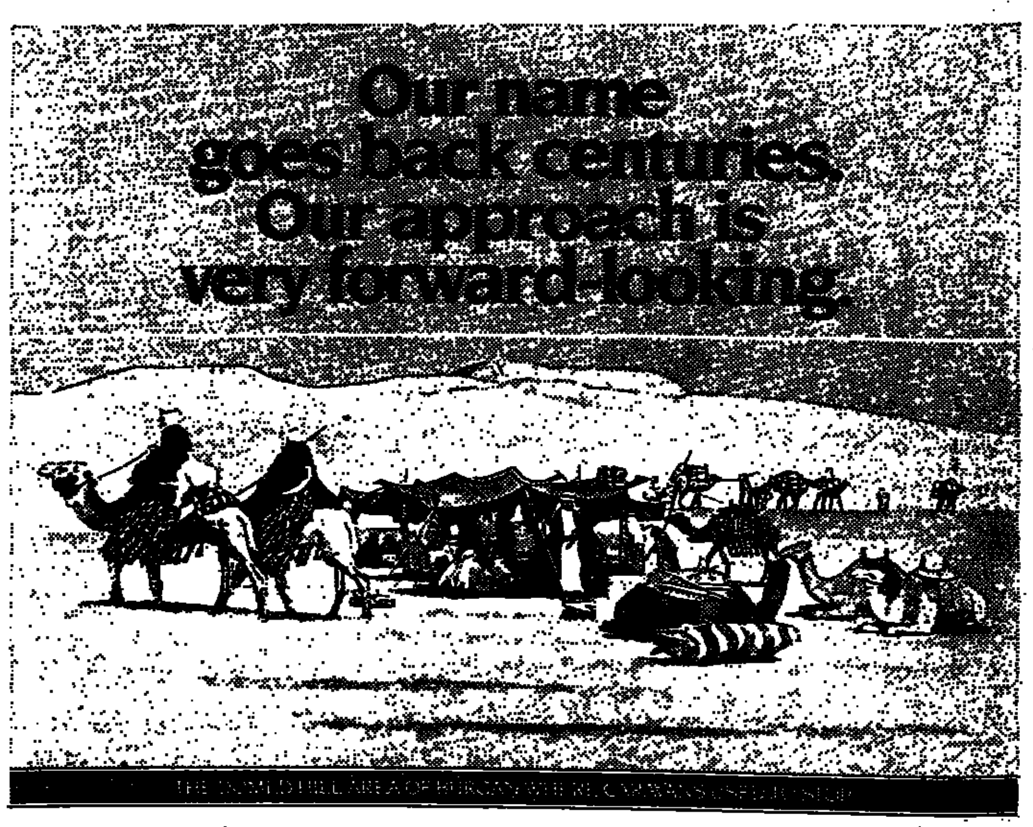
Union Carbide has around 100 plants in Europe and activities include petrochemicals and food casings.

Concern over U.S. economy

Continued from Page 1

the international economy and for developing countries, will be a real source of concern.

Some economists cautioned however about reading too much about longer-term trends in the vital consumer spending sector from a single months retail sales data, especially when the previous month showed a sharp rise in retail sales. They also pointed out that unemployment figures recently have been encouraging, that government spending is still giving the economy a strong boost and that capital spending intentions are still encouraging.



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So 'Burgan' not only stands for the country's past tradition, but its present prosperity too. In our case, it also stands for something else, a progressive attitude that is definitely looking to the future.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday April 12 1985

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Goldsmith bid rejected by Crown Zellerbach

BY TERRY DODSWORTH IN NEW YORK

CROWN ZELLERBACH, the U.S. forest products company, nailed up a sale price of $60 a share for the group yesterday as it unequivocally rejected Sir James Goldsmith's $42.50 a share bid.

The company also announced further moves to strengthen itself against takeover through a "major restructuring" that would involve the distribution of some timberland interests to shareholders. The reorganisation, expected to involve a trust in which individual plots of land are parcelled out for investors, was already underway, the company added.

The offer for Crown Zellerbach has attracted additional interest on Wall Street because it is the first time in which a bidder has faced a new type of takeover defence involving the issue of rights to shareholders which give them hefty claims against the bidding company.

The offer from Sir James, the Anglo-French financier who has made several successful forays on to the Wall Street bid scene, was contingent upon the withdrawal of these rights.

The Crown board yesterday emphatically refused to redeem them on the grounds that they were serving their purpose "of enabling the board to protect the shareholders and strengthening the ability of the board to negotiate on behalf of the shareholders."

The company said it was prepared to work with any responsible person who was willing to offer a value "consistent with the benefits of this restructuring" in a transaction that "treats all shareholders fairly and equally."

Some analysts have in the recent past put a break-up value on Crown of around $80 a share, but this has not been reflected in the share price since 1980. When Sir James first declared his interest in the company, the shares were trading at just under $29, and by midday yesterday they stood at $42½, up $⅝.

TV programme maker launches $1.02bn offer for Multimedia

BY PAUL TAYLOR IN NEW YORK

LORIMAR, the U.S. film and television programme group which created Dallas and other top-selling TV soap operas, has offered $61 a share or a total of $1.02bn in cash for Multimedia, the newspaper publishing, radio and television group.

The surprise bid, if accepted, would be the second-largest media company takeover ever, following the $3.5bn agreed offer by Capital Cities Communications for American Broadcasting Companies unveiled earlier last month.

Lorimar's bid comes in the immediate wake of a sweetened $53.25 a share or $890m proposed management-led buyout of Multimedia, which was approved by the media group's board earlier this week. The latest offer therefore raises the possibility of a bid battle for Multimedia, whose management and members of the company's founding families had earlier rejected a $60 a share or $1bn offer from an unidentified suitor. This was believed to be Wesray, a New Jersey investment company headed by former U.S. Treasury Secretary Mr William Simon.

Yesterday share trading in both Lorimar and Multimedia was suspended at the market opening, pending further announcements. Multimedia's stock closed at $56.50 a share on Wednesday ahead of the Lorimar bid.

Lorimar, which is based in Culver City, California and is headed by Mr Merv Adelson, a former property developer, and Mr Lee Rich, an advertising executive, has seen its earnings rise sharply in recent years buoyed by the success of television series like Dallas, Falcon Crest and Knot's Landing. In the six months ending January 26 its profits nearly tripled to $23.4m or $2.99 a share on revenues of $196.7m.

Multimedia publishes 13 daily and 30 non-daily papers, owns and operates five television and 12 radio stations and over 100 cable television systems. It produced net earnings of $33.7m

Manville asbestos claims may top $50bn

By Our Financial Staff

MANVILLE, the U.S. building products group operating under Chapter 11 bankruptcy regulations, said in its latest annual report that asbestos property-related asbestos claims against it could exceed $50bn.

The company filed for Chapter 11 in 1982 under the weight of the number of asbestos-related law suits. At the time Manville said the total cost of the claims could be more than $2bn.

The annual report states, however, that more than 11,000 property claims were filed by a March 1 deadline. Only 6,100 were processed by March 22, and these are seeking about $31.5bn for the costs of removing asbestos from property.

The company said it did not expect to have a final tally until June 1. The property claims have been filed by schools, property owners and government entities.

Manville pointed out that the claims were "overstated and speculative" and were a "totally unreliable estimate" of liability. It said the vast majority were for spray-on insulation containing asbestos, which Manville never made or sold, or moulded-pipe insulation, which was not a health hazard if "properly maintained."

The company also faces 6,000 health damage claims which have been filed since it sought Chapter 11 protection; these total $12.5bn.

VW to pay dividend after strong turnround

BY JOHN DAVIES IN FRANKFURT

VOLKSWAGEN, West Germany's biggest motor vehicle manufacturer, is paying a dividend again after recovering from two years of heavy losses.

VW has not yet disclosed its profits for last year, but the proposed dividend of DM 5 a share means a payout of DM 120m ($38m).

The company last made a payout of this amount in 1981, before plunging into group losses of DM 300m in 1982 and DM 215m in 1983.

It was still in the red after the first nine months of last year, with a group loss of DM 47m and a slightly higher loss of DM 52m ascribed to the parent company.

But its position in West Germany and overseas has been steadily improving, aided by the strong U.S. dollar, which has boosted U.S. earnings in D-Mark terms.

The group's return to profitability is a major success for Dr Carl Hahn, who took over as chief executive in 1982 after the group's troubles had mounted.

The turnround has come despite disruption to VW's car assembly operations during last year's labour conflict over shorter working hours in the West German metal industry.

VW increased its worldwide sales revenue by 14 per cent to DM 45.7bn last year. It produced 2.148m vehicles, 1.5 per cent more than in 1983.

With the U.S. economy picking up strongly, VW and its Audi subsidiary have strongly increased their earnings there, while VW has also taken steps to restructure its operations in Latin America.

Under VW's accounting practices, its Brazilian operations made a much reduced loss last year and, according to the different Brazilian accounting conventions, it actually turned the corner to report a profit.

A measure of VW's confidence is its recent decision to hire about 1,000 workers, mostly for its plant at Wolfsburg. It had earlier stopped recruitment, when the industry was worried about the state of the West German car market in view of the controversy over car pollution controls.

VW's supervisory board also decided yesterday to recommend to shareholders that the company's formal name be changed from Volkswagenwerk to Volkswagen.

The company said this recognised the reality that it was no longer just one factory or "works" at Wolfsburg, but a concern with operations worldwide.

Although VW did not indicate this, the change in name would also make for a slightly smoother task in communicating with potential share-market investors overseas.

The Federal Government in Bonn has been considering reducing its 20 per cent shareholding in VW, possibly by refraining from contributing to any future capital increase.

Chase shows interest in buying Swiss bank

BY ALAN FRIEDMAN IN MILAN

CHASE MANHATTAN, one of the largest U.S. banks, is understood to have expressed preliminary interest in acquiring the Swiss-based Banco di Roma per la Svizzera.

The Swiss bank, which last year made net profits of SwFr 25.4m ($9.5m), is 51 per cent owned by the Istituto per le Opere di Religione (IOR), the Vatican bank. The remaining 49 per cent is held by Banco di Roma, the Italian state-controlled bank.

Neither Chase Manhattan nor Banco di Roma would comment on the negotiations.

The possibility of Chase acquiring the Swiss bank was first mooted last year by bankers involved in the financial settlement of the Banco Ambrosiano affair. The Vatican bank is known to have disposed of a number of listed shareholdings and properties in an effort to raise funds for its $242.2m payment to Ambrosiano's creditors.

It emerged yesterday that Chase, which has been examining takeover prospects in Switzerland for several months, had communicated its interest to Italian bankers. If the deal goes ahead Chase might be asked to pay around $100m for the IOR's 51 per cent stake

Ohio utility set to take nuclear plant write-off

BY OUR FINANCIAL STAFF

AMERICAN Electric Power, the Ohio utility, may take a second-quarter write-off in connection with the troubled Zimmer nuclear power plant near Columbus, Ohio, according to Mr W. S. White, chairman.

Mr White said the worst case would be an after-tax write-off of $385m, representing a complete write-off and equal to 9.9 per cent of the company's equity.

American Electric owns 25.4 per cent of the plant through its Columbus and Southern Ohio Electric unit. Other partners are Cincinnati Gas and Electric (46.5 per cent) and Dayton Power and Light (28.1 per cent).

Mr White said the owners of the plant expect to decide by late 1986 whether to convert the plant which is almost complete into a 1,300 Mw coal-fired unit by 1991.

The conversion cost was estimated in September 1984 at $1.7bn, bringing the total cost of the plant to $3.4bn.

AEP's auditors qualified their opinion of the company's 1983 financial statements, citing uncertainties about the proposed conversion. Last year the company reported net profits of $2.65 a share

Dome in share offering

By Bernard Simon in Toronto

DOME PETROLEUM, the debt-burdened Calgary energy producer, is to proceed with a long-delayed international share offering after what it believes is a sharp improvement in the investment climate.

The company has filed a preliminary prospectus with regulatory authorities in the U.S. and Canada for an issue of 30m units, each comprising one common share and half a warrant to buy an additional share. Based on Dome's current share price the company aims to raise about C$100m ($72.86m), well below the original target of C$700m.

Dome officials and members of three international underwriting syndicates will begin presentations to prospective investors next week, visiting about 12 cities in the U.S., Canada and Europe.

Dome's creditors agreed earlier this year to drop their demand for an injection of new equity as a condition for rescheduling the bulk of the company's C$6.4bn debt. The debt rescheduling accord was signed last February and according to one of the company's financial advisers, it has contributed to a revival in investor interest.

Dome also expects to benefit from new energy pricing and taxation policies announced recently by the Canadian Government, including deregulation of domestic oil prices and the gradual abolition of a 12 per cent petroleum and gas revenue tax. Dome's revenue tax payments totalled C$51m in 1983.

The company's share price has risen almost 50 per cent on the Toronto Stock Exchange since the end of January, to reach C$3.30. None the less, the share offering's prospects of success remain clouded. Dome warned last June that investors should buy its shares only if "they can afford a total loss of their investment."

A Dome affiliate, Dome Mines, has agreed to take up a portion of the new offering proportionate to its 22 per cent stake in Dome Petroleum.

Farley to pay $1.4bn for Northwest

BY OUR FINANCIAL STAFF

FARLEY INDUSTRIES, a privately-held manufacturing group built up by Chicago investor Mr William Farley, has agreed to take over Northwest Industries in a $1.4bn deal which will nearly quadruple its annual sales.

Northwest, a Chicago conglomerate whose products range from boots and underwear to chemicals and electrical products, will merge with Farley's metals unit following a tender offer.

Northwest shareholders will receive $42.50 in cash, $7.50 nominal of new 13.5 per cent exchangeable preferred stock, and one share of Lone Star Steel, Northwest's steel unit, which will become an independent company after the deal.

A tender offer for a maximum of 79 per cent or 15.8m Northwest shares and a minimum of 11m shares is expected to begin by May 1.

The definitive agreement between Northwest and Farley comes just three months after a bid worth more than $1bn from an investor group including Mr Don Kelly and Mr Roger Briggs, executive of the former Esmark industrial group, was terminated because the group failed to raise the necessary finance.

The latest deal is subject to final financing commitments, but Farley has advised Northwest that principal bank financing commitments have been secured. Drexel Burnham Lambert, Farley's investment banker, has told Northwest that it expected to raise the non-bank portion of the required $1.4bn financing on or before May 1.

Farley Industries, founded in 1976, had annual sales of nearly $700m last year. It has grown through numerous leveraged buyouts.

Massey-Ferguson may dispose of Italian plant

BY OUR TORONTO CORRESPONDENT

MASSEY-FERGUSON, the Canadian farm machinery and industrial engine manufacturer, is close to disposing of its loss-making plant at Aprilia, Italy, as part of efforts to reduce its exposure to the troubled farm equipment market.

Massey has reached preliminary agreement for the plant, which employs about 1,000 people, to be taken over by an agency of the Italian Department of Industry. As part of the deal, Massey would purchase components from the plant.

Mr Victor Rice, Massey chairman, said no agreement had yet been reached for the disposal of the company's large combine harvester plant at Marquette, France, which has been closed since last June. Discussions with the French Government on the plant's future are "steadily increasing," he added. The talks have been complicated, however, by similar negotiations between the Government and J. I. Case, the U.S. farm equipment manufacturer, on a nearby plant formerly operated by International Harvester. Case recently took over International Harvester's farm machinery business.

Massey favours closing the Marquette plant altogether, but Mr Rice indicated that it might be willing to compromise by continuing production of ancillary items like balers, tractor cabs and components.

Losses from the Aprilia and Marquette facilities reached C$5m (U.S.$3.65m) in the first three months of last year, the last period both plants were open.

Total combine harvester sales in Europe dropped to 17,100 units last year from a peak of 28,600 in 1976.

Caterpillar cuts quarterly loss

BY OUR FINANCIAL STAFF

CATERPILLAR TRACTOR, the world's largest construction equipment manufacturer, has registered a first-quarter loss of $70m, or 72 cents a share. This compares with a deficit of $109m or $1.15 a share for the opening three months of 1984 and follows a $250m loss in the 1984 fourth quarter in the face of severe price discounting and overseas competition which forced the U.S. company to reduce its operations.

A deficit of $428m or $4.47 a share was incurred for the whole of 1984.

The company said that progress in reducing the loss was obscured because it could no longer record tax credits related to U.S. losses. If the company had been able to apply normal tax benefits, this year's first quarter loss would have been $45m.

Caterpillar said it had expected that a seasonal low first-quarter sales level would not produce a profit for the period. The reduction in loss, it added, resulted primarily from higher sales and benefits stemming from its cost reduction programme.

First-quarter sales amounted to $1.48bn against $1.38bn last year, the improvement arising from a 4½ per cent volume gain and the disproportionately high level of discounting experienced a year ago.

During the latest quarter, total debt decreased by $111m to $1.75bn. The improvement resulted from funds generated by operations.

The company expects to receive "momentarily" a U.S. federal income tax refund of $73m, which will be used to reduce short-term debt.

The company's financial position "remains strong," and further reduction of debt is expected to occur during 1985.

Directors said that they continue to expect that Caterpillar could be "moderately profitable" for 1985.

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Company
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FT

15th MAY 1985 REDEMPTION

GESTETNER HOLDING B.V.

£10,000,000 11% STERLING FOREIGN CURRENCY BONDS 1988

REDEMPTION OF BONDS

Gestetner Holding B.V. announces that for the redemption period ending on 15th May 1985 it has purchased and cancelled bonds of the above Loan for £70,000 nominal capital and tendered them to the Trustee.

The nominal amount of bonds to be drawn for redemption at par on 15th May 1985 to satisfy the Company's current redemption obligation is accordingly £430,000 and the nominal amount of this Loan remaining outstanding after 15th May 1985 will be £6,963,000.

DRAWING OF BONDS

Notice is accordingly hereby given that a drawing of bonds of the above loan took place on 3rd April 1985 attended by Mr. William Brignall Kennair of the firm of John Venn & Sons, Notary Public, when 430 bonds for a total of £430,000 nominal capital were drawn for redemption at par on 15th May 1985, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

1	64	97	106	128	140	188	193	213	221	251	255	258	322	356	364	376	389	390	394
396	431	438	442	452	453	455	456	467	473	492	501	528	549	579	584	609	613	632	685
690	713	719	759	765	797	810	811	821	836	926	932	945	979	981	984	993	1091	1160	1165
1195	1207	1220	1234	1269	1271	1278	1282	1300	1310	1332	1354	1384	1390	1398	1429	1439	1473	1476	1482
1520	1523	1570	1581	1603	1631	1665	1669	1742	1746	1754	1759	1761	1824	1828	1843	1850	1857	1872	1894
1913	1965	1968	1979	2001	2004	2007	2023	2094	2180	2188	2402	2405	2420	2437	2452	2453	2462	2492	2518
2528	2532	2537	2549	2569	2597	2598	2655	2710	2796	2822	2979	3012	3019	3104	3137	3145	3167	3183	3194
3227	3241	3258	3271	3282	3319	3323	3363	3435	3453	3474	3475	3618	3637	3649	3692	3704	3715	3729	3735
3743	3773	3780	3874	3881	3895	3975	3992	4918	4927	4938	4952	5013	5043	5070	5077	5087	5098	5101	5136
5151	5152	5161	5214	5225	5258	5325	5333	5344	5356	5393	5400	5413	5435	5442	5444	5465	5525	5558	5563
5617	5623	5676	5716	5725	5737	5739	5759	5766	5786	5790	5801	5820	5848	5894	5908	5919	5921	5936	5948
5976	6005	6107	6169	6213	6214	6218	6289	6339	6354	6358	6361	6368	6369	6378	6379	6381	6398	6427	6447
6454	6458	6489	6495	6519	6565	6572	6573	6575	6598	6612	6730	6745	6764	6768	6777	6814	6815	6827	6833
6889	6897	6921	6928	6966	7004	7006	7009	7014	7080	7139	7154	7166	7181	7208	7210	7239	7304	7321	7351
7360	7419	7421	7427	7435	7442	7445	7459	7474	7519	7528	7542	7558	7561	7567	7589	7613	7617	7653	7660
7662	7803	7812	7816	7821	7842	7843	7874	7898	7939	7981	7991	8015	8016	8055	8068	8079	8088	8112	8114
8128	8164	8184	8214	8218	8237	8275	8322	8343	8344	8355	8377	8378	8384	8400	8401	8444	8466	8499	8503
8512	8513	8518	8529	8531	8566	8618	8621	8628	8646	8680	8684	8685	8689	8699	8705	8723	8724	8752	8753
8778	8812	8814	8837	8843	8875	8887	8913	8914	8974	8982	8987	8990	8999	9037	9048	9060	9076	9078	9119
9138	9148	9157	9165	9193	9203	9205	9228	9233	9234	9247	9272	9316	9322	9327	9328	9342	9364	9381	9393
9400	9421	9428	9499	9542	9547	9608	9610	9618	9626	9677	9685	9709	9729	9740	9753	9754	9757	9773	9799
9803	9807	9835	9837	9923	9928	9952	9964	9970	9973										

Witness: W. B. Kennair, Notary Public.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 15th May 1985 at the offices of the paying agents named on the bonds in the manner specified in Condition 6 of the Terms and Conditions of the Loan printed on the reverse of the bonds. Each of these bonds when presented for redemption must bear the coupon dated 15th May 1986, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

Bondholders electing to receive payment in U.S. Dollars must give irrevocable written notice to any Paying Agent named on the reverse of the bond on or before 1st May on the appropriate form available from a Paying Agent.

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12th April 1985

These Notes having been sold, this announcement appears as a matter of record only.

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INTL. COMPANIES & FINANCE

Credit Lyonnais makes modest 1984 headway

BY DAVID MARSH IN PARIS

CREDIT LYONNAIS, the second largest French nationalised bank improved net profits by 2.7 per cent last year to FFr 369m ($38.6m) in spite of a *slight drop in provisions* caused by a relative easing of financial pressure on French industry.

Underlining the potential profit squeeze facing the French banking system if domestic interest rates start a long-awaited decline this year, M Jean Deflassieux, the chairman, called last year's result "reasonable" but warned: "We will make less money if rates fall."

Last year's operating profits before tax and provisions rose *4.1 per cent to FFr 6.34bn.* Credit Lyonnais said that, after taking account of special profits in 1983 resulting mainly from FFr 600m in earnings from bond sales, last year's operating profit on a compable basis rose by a more satisfactory 12.1 per cent.

Overall new provisions came to FFr 4.89bn, down slightly from FFr 5.02bn in 1983. Pro*visions on risks over country* lending—especially to Latin America—rose 38 per cent to about FFr 1.6bn as the bank made a further effort to catch up its relative lag of past years in covering foreign risks. Provisions on individual customers and other diverse risks however fell 13 per cent.

The low profitability of French banks, many analysts and bankers believe, represents a considerable barrier to Opposition plans to denationalise banks *if the Right returns to* power after next year's parliamentary elections.

Commenting on the denationalisation controversy, M Deflassieux, a close friend of the Socialists' first Prime Minister, M Pierre Mauroy, said simply that the question would be up to the French people.

The bank's interest rate margins remained roughly stable last year reflecting the only slow fall in base lending rates. Confirming that M Pierre Beregovoy, the Finance Minister, was pressing for a further cut in base rates to help get the economy moving, M Deflassieux warned: "Many banks will have a lot of difficulty if rates are cut."

M Deflassieux also underlined the bank's continued need to boost capital resources even after its issue of FFr 2bn of non-redeemable non-voting loan *stock last year.* The bank's FFr 1.5bn of equity was not enough, he said. But the Government preferred to make capital injections into nationalised industries rather than banks.

Sulzer cuts loss to SwFr 18m

BY OUR FINANCIAL STAFF

SULZER, the Swiss engineering group which is pushing through a major programme of rationalisation, reports reduced losses for 1984. It is again not paying a dividend.

On turnover little changed at SWFr 4.23bn, net losses have been cut to SwFr 18m ($6.8m) from the SwFr 102m of 1983 when turnover totalled SWFr 4.16bn. For 1982, Sulzer had sales of SwFr 4.42bn.

The results, which are in line with group forecasts of a much reduced deficit, suggest a significant improvement in trading margins. Over the past two years Sulzer has reduced Swiss manufacturing capacity by almost 30 per cent.

Together with Geo. Fischer and Von Roll, two rival engineering groups, Sulzer is drastically pruning its foundry operations.

The three groups plan to cut Swiss capacity for ferrous castings by 20 per cent and to axe their steel forging businesses by a third.

The programme will eventually involve the removal of 440 jobs from their combined payroll.

Strong order inflows at Sulzer suggest that trading in 1985 can continue to improve. New orders booked last year totalled SwFr 4.58bn, an increase of a quarter over the inflow for 1983.

The group expects "at least a balance profit-and-loss account this year."

Last year's loss largely reflects the spending of SwFr 70m on re-structuring, following costs of SwFr 61m in 1983. Bad-debt provisions also had to be increased.

The Swiss subsidiary Escher-Wyss showed a marked reduction in losses last year. The French Cie de Construction Mecanique Sulzer showed a further loss of FFr 96m ($10m) after FFr 127m in 1983. This loss should be lower again in 1985.

The U.S. subsidiary also suffered a loss, due to restructuring costs for the Kings Mountain weaving-machinery plant in North Carolina.

All product groups other than diesel engines and turbo-compressors showed an overall profit last year. Both Escher-Wyss and the textile machinery division are expected to improve in 1985.

Kaiser Aluminum plunges to loss

By Terry Dodsworth in New York

KAISER Aluminum and Chemical, the third largest U.S. aluminium manufacturer, slumped to losses of $18.5m, or 44 cents a share, as shipments fell sharply in the first quarter of this year.

The deficit compares with a net profit in the same period of 1984 of $14.6m, or 33 cents a share, while sales of the group rose from $723.8m to $851.6m.

This year's loss was struck after a tax credit of $12.4m, while last year's earnings included a $4.4m *loss from* discontinued operations.

Kaiser said its main problem was in the aluminium division, where shipments fell by 9.6 per cent from 186,300 tons to 168,500 tons. This decline in sales, which coincides with the slowdown in the industry in the latter half of last year, plunged the aluminium activities into an operating loss of $56.3m.

The company added that its real estate division achieved higher earnings in the quarter, primarily through increased sales of commercial and industrial properties in California and Hawaii.

Earnings from its industrial chemicals business declined, however, because of price weaknesses in most of its markets, while the international trading division recorded a higher loss on negative petroleum *trading* results.

Last year, Kaiser reported a $53.9m loss, including a deficit of $61.8m from discontinued operations.

Westinghouse ahead 11%

By Our New York Staff

WESTINGHOUSE Electric, the diversified U.S. manufacturer of electrical equipment, reported an 11 per cent rise in net earnings for the first quarter of this year, from $116.6m or 66 cents a share to $129.7m, or 74 cents. Sales rose by just under 2 per cent, from $2.26bn to $2.3bn.

Westinghouse, which is the first of the large manufacturing groups to announce its results in the quarterly cycle of earnings reports, said the main profits boost came from the broadcasting and cable divisions.

Sharp advance by Danish shipping group

By Hilary Barnes in Copenhagen

EAST ASIATIC, the Danish shipping and industrial group, increased group earnings before extraordinary items and tax from DKr 29m to DKr 361m ($32.3m) last year, almost *doubling the interim forecast.*

In 1982 the group made a DKr 377m loss. Progress in restoring the fortunes of the trading, shipping and industrial group is expected in 1985, the company said.

Despite the improved performance, the board is sticking to its previously announced decision to pass the dividend again this year. But it plans to make a one-for-10 scrip issue on the basis of 1985 results and to restore the dividend at 10 per cent following the 1986 results.

The group operates 119 subsidiaries all over the world. Investments in fixed assets last year totalled DKr 387m.

Sales increased from DKr 16.8bn to DKr 17.9bn and profits before financial costs rose from DKr 714m to DKr 1.05bn. Net financial costs were reduced from DKr 719m to DKr 694m, not including unrealised foreign exchange losses.

The report showed an improvement in gross operating profits in most divisions. In trading activities — including the distribution of equipment for printing and related industries in which East Asiatic claims to be the world's leading company—the margin increased from 16.7 per cent to 19 per cent.

Lindholm family acquires minority stake in Esselte

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

A SUBSTANTIAL minority shareholding in Esselte, the Swedish office supplies, packaging and publishing group, has been acquired by private family interests in deals worth more than SKr 400m ($44.2m).

Mobilia, a company owned by the Stockholm-based Lindholm family, has acquired "A" shares in Esselte equivalent to 12.8 per cent of the capital and 18.7 per cent of the votes.

The family is to seek representation on the Esselte board at the company's annual meeting next month.

The Lindholm family's interests were previously concentrated in the ownership of several leading hotels in Stockholm, including the Sheraton, the Anglais and the Park. But these were sold in the winter to Folksam, a Swedish insurance group in a deal which yielded SKr 810m in cash.

Mr Gerhard Lindholm, managing director of Mobilia, said the Esselte holding was intended to be a long-term investment. The Lindholm family is now the largest single shareholder in Esselte, ahead of Ratos, the Swedish investment company, which controls some 9.4 per cent *of the votes.*

Last year Esselte floated part of the group, Esselte Business Systems, on the New York stock market, while maintaining control of 80 per cent of the equity in the parent company.

United Paper Mills makes strong recovery

By Olli Virtanen in Helsinki

UNITED Paper Mills, the Finnish forest products group which is building a large newsprint plant in Shotton, North Wales, reports a strong recovery in profits and is stepping up its diivdend.

Net profits rose to FMk 56.1m ($8.6m), an increase of 50 per cent. Sales were up 21 per cent at FMk 3.8bn. The dividend is going up by 1 per cent to 12 per cent.

Good markets for paper, which accounts for 51 per cent of turnover, as well as the strong dollar, were the main reasons for improvement. Capacity utilisation in the paper and board division rose to 95 per cent and the otal production climbed by 19 per cent.

Banco di Napoli well ahead

BY OUR MILAN CORRESPONDENT

BANCO DI NAPOLI, the Naples-based state-controlled bank which is one of the most important financial institutions in the south of Italy, last year achieved a 49 per cent rise in net profits, to L12.7bn ($6.4m).

At the operating level, profits were L179bn, a rise of 43.7 per *cent. The bank did not specify* bad debt provisions.

The total deposit base at the end of 1984 was L35,648bn, a rise of 21.3 per cent on the year. The bank's loan advances totalled L26,022bn, an increase of 30.4 per cent.

One of the hallmarks of the bank's philosophy has been to collect deposits from its national network of branches and then channel these into loans speci*fically destined for development* and business projects in the Mezzogiorno, Italy's southern region.

Solid gain at Radiometer

By Our Copenhagen Correspondent

RADIOMETER, the Danish medical electronics manufacturer, which received a listing on the Copenhagen stock exchange last year, increased pre-tax profits by 28 per cent from DKr 115m to DKr 148m ($13.2m) on an increase in turnover of 16 per cent from DKr 543m to DKr 63[illegible]

The board proposed an 18 per cent dividend and a one-for-one bonus issue. It aims to pay a dividend of 10 per cent on the increased capital.

On the assumption of an unchanged dollar exchange rate, sales are expected to increase by 8 per cent and pre-tax earnings by 4 per cent in 1985.

Intl. Thomson boosts profits

BY BERNARD SIMON IN TORONTO

INTERNATIONAL THOMSON Organisation, the publishing, travel and energy group, lifted net earnings to £98.5m ($123.1m) or 33.7p per share after extraordinary items in 1984, from £72m or 25.6p the previous year.

The improvement was due largely to a sharp rise in publishing income, with trading profit jumping from £29.1m to £43.9m. Sales of the publishing division increased by 19 per cent to £618m.

The company said the main boost came from a sharp turnround in ITO's British regional newspapers, which suffered in 1982-83 *from a drop in* employment advertising.

Travel profits fell from £31.7m to £26.6m, despite a 16 per cent rise in sales. Margins were squeezed by a fierce price war among British tour operators last summer, although there was an improvement towards the end of the year.

Sterling's depreciation offset declining oil prices, raising operating profits from the company's North Sea interests from £106m to £116m.

ITO's total revenues rose by 15 per cent last year to £1.7bn.

The family of Lord Thomson of Fleet owns 74 per cent of ITO's shares. Through another company, Thomson Newspapers, the family also controls a large number of daily and weekly newspapers in the U.S. and Canada.

Nedlloyd back in the black

By Our Financial Staff

NEDLLOYD, the Dutch shipping group, has moved back into profit for 1984 and proposes a dividend after passing the payment for 1983.

Net profits emerge at Fl 155.4m ($43.9m), against losses of Fl 94.4m. The result follows a strong turnround at the operating level, where profits rose to Fl 295.3m in contrast to a deficit of Fl 122.3m.

The dividend is to be Fl 14 a share. The last payment was Fl 5.50 for 1982.

NOTICE TO HOLDERS OF

MITSUI REAL ESTATE DEVELOPMENT CO., LTD.
(Mitsui Fudosan Kabushiki Kaisha)
7¼ per cent Convertible Bonds Due 1996

Pursuant to Clause 7(B) and (C) of the Trust Deed dated 12th December, 1980 under which the above Bonds were issued, notice is hereby given as follows:

1. On March 1, 1985, and on April 5, 1985, the Board of Directors of the Company resolved to issue new convertible bonds in Japan on April 23, 1985.

2. The conversion price of the Bonds as in effect on the date hereof is Yen 470.50 per share of Common Stock.

3. The aforesaid issuance of convertible bonds will not result in an adjustment of the conversion price of the Bonds.

MITSUI REAL ESTATE DEVELOPMENT CO., LTD.
By The Bank of Tokyo Trust Company *as Trustee*

Dated: April 12, 1985

The Kingdom of Belgium

£100,000,000

Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 10th April, 1985 to 10th July, 1985, the Notes will bear a Rate of Interest of 13¼% per annum. The Interest Amount payable on 10th July, 1985 will be £3,303.42 per £100,000 Note.

County Bank Limited
Agent Bank

Shell and BHP lift Woodside stake

BY MICHAEL THOMPSON-NOEL IN SYDNEY

SHELL AUSTRALIA and Broken Hill Proprietory (BHP) tightened their grip on Australia's Woodside Petroleum yesterday, buying 15m Woodside shares—3 per cent of its capital—to take their combined stake in Woodside to 45.6 per cent.

Shell and BHP are offering A$458m (US$307m) for all the outstanding shares in Woodside, which is the operator and key partner in the A$11.2bn North-West Shelf natural gas project in Western Australia.

The offer—A$1.60 cash per Woodside share, compared with a 1985 stock market low of 76 cents — was given warm approval by investors yesterday, and seems bound to deliver what Shell and BHP want, which is unambiguous control.

They say the move is necessary to prevent delays to the A$8.5bn export phase of the project, involving massive deliveries of liquefied natural gas to Japanese utilities, starting in late 1989.

Woodside, which evolved from a tiny oil prospector to the position of key partner in Australia's biggest energy project, was making insufficient headway in organising fresh finance to please Shell and BHP.

The takeover of Woodside will thus mark the end of one of the corporate chapters in Australia's development, but it will also end the wrangling and boardroom rows that nearly drove Chevron of the U.S., another partner in the project, to despair.

BHP and Shell are pressing for two extra directors on Woodside's board—giving them eight out of 14—and say Woodside needs a rights issue of about A$200m.

When Woodside is acquired, Shell and BHP will each have a quarter stake in the export phase of the North-West Shelf.

BP, Chevron and Mimi (jointly, Mitsubishi Corporation and Mitsui & Co of Japan) will each have 16.7 per cent.

What is not yet clear is how BHP and Shell will organise the ownership of Vamgas, Woodside's 50.6 per cent-owned subsidiary, which is a junior partner in the onshore Cooper Basin scheme.

BHP and Shell say Vamgas will remain an important part of Woodside, but some brokers now regard it as a takeover stock in its own right. It closed yesterday at A$4.45, after A$4.60 earlier. Its takeover price is expected to be at least A$7.60.

● Estimated recoverable oil reserves in Australia's Cooper Basin have been upgraded by 12 per cent to 99m barrels following discoveries last year, Santos, the project's operator, said yesterday. A further 43m barrels could be obtained by secondary recovery techniques.

Natural gas liquids are now estimated at 295m barrels (up 26 per cent), and natural gas at almost 3,500bn cu ft.

Santos, which last year took over its co-partners, Reef Oil and Alliance Oil Development, is entitled to 40.8m barrels of Cooper Basin crude. Its main partner in the A$1.5bn (U.S.$990m) project in CSR.

Santos expects to participate in about 90 exploration wells this year, more than half of them oil exploration wildcat drilling vetures. The Cooper Basin partners have already drilled about 25 exploration wells this year, of which half have found oil and gas.

Philippine Veterans Bank placed in receivership

BY SAMUEL SENOREN IN MANILA

THE PHILIPPINE Monetary Board has closed the state-run Philippine Veterans Bank after an audit showed it had become insolvent. It was placed in receivership by the central bank which will decide within 60 days whether to rehabilitate or liquidate it.

A central bank report showed that liabilities by the end of February reached 2.6bn pesos ($144.4bn) against realisable assets of 2.1bn pesos.

President Ferdinand Marcos, who is trustee for the majority of Second World War veteran shareholders, said continued operations of the bank would adversely affect the interest of both creditors and depositors. A fortnight ago he ordered the resignation of its board.

A substantial portion of deposits, reported at 1.6bn pesos at the end of 1984, belongs to government institutions.

Philippine Veterans Bank, set up 21 years ago, is the second major financial institution to be closed because of insolvency this year. Banco Filipino, the country's largest savings bank, ended business in January.

The central bank audit indicated that Banco Filipino had realisable assets of only 3.9bn pesos against total liabilities of 5.1bn pesos.

Watties Industries boosts half-year profit by 57%

BY DAI HAYWARD IN WELLINGTON

WATTIES INDUSTRIES, the New Zealand food group, has boosted pre-tax profits for the six months to January by 56.8 per cent to NZ$30.4m (U.S.$13.7m).

The results included a substantial contribution from investment income which jumped 209 per cent to NZ$11.5m. This was assisted by good results from several of its large associated companies, including the Goodman Group, New Zealand Forest Products, and Waitaki New Zealand Refrigerating.

Sales reached NZ$369.1m, an increase of 18.8 per cent. Net earnings were NZ$20.2m a rise of 48.5 per cent. The company has declared a interim dividend of 7 cents a share.

Mr Wilf Morriss, its chairman, said higher costs for domestic raw materials and electricity, along with a decline in the New Zealand dollar would affect profitability for the rest of the year. The group is particularly pleased by the half-year results because these were achieved without increasing retail prices. The company will seek to recover only essential costs as its contribution to bringing down domestic inflation, Mr Morriss said.

Wattie's shares closed up 5 cents yesterday at NZ$3.55.

Further losses at Gulf Investment

By Mary Frings in Bahrain

GULF INVESTMENT Company (GIC), a Bahrain registered offshore company in which investors made hefty profits after a heavily subscribed flotation in 1979, suffered further losses in 1984.

GIC invested on the Kuwait stock market and in U.S., French and Kuwaiti property, but has since sold its prime property holdings. It appears to have done no new business in the past year.

Results for 1984 published in Bahrain's Arabic daily newspaper pending publication of the bi-lingual annual report showed losses of $50m for GIC itself and $19m for its property subsidiaries. This follows a $57m consolidated loss in 1983.

Shareholders' equity, which stood at $380m in 1982, is now down to $241m. This is below the original paid-up capital of $250m.

Gross interest and investment income last year amounted to only $9.5m compared with $42m in 1983, while provisions and write-downs totalling $41m brought charges against the profit and loss account to $59.8m.

Saudis bid for Arab Asian Bank

By Our Financial Staff

ARAB ASIAN BANK, one of the smaller Bahrain banks, was poised yesterday to be taken over by Saudi interests following a bid of unspecified size by the Luxembourg-incorporated Middle East Financial Group, which until now has held a minority stake.

Middle East Financial is owned by the Bin Mahfouz family of Saudi Arabia who also own control of that country's largest bank, National Commercial Bank, and the Saudi National Commercial Bank (SNCB) in Bahrain.

Mr Murad Ali Murad, general manager of SNCB, visited the Arab Asian Bank headquarters yesterday to complete arrangements for the deal.

Foreign Exchange and Money Broking

The Financial Times proposes to publish a survey on the above subject on Monday 3rd June 1985.

For details of advertising rates please contact:

NIGEL PULLMAN,
BRACKEN HOUSE,
10 CANNON STREET,
LONDON, EC4P 4BY
TEL: 01-248 8000, EXTN 4063

Publication date is subject to change at the discretion of the Editor

DAIWA EUROPE LIMITED

JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Prices: Wrnt BID (%)	Wrnt OFFER (%)	Share Price (Yen)	Offer Calculations: Premium (%)	Gearing	Premium/ Gearing Ratio
CASIO 6/3/89	41.50	43.00	1,660	10.07	2.87	3.51
C ITOH 4/5/89	10.50	12.00	355	8.57	7.82	1.10
C ITOH 20/1/87	40.00	43 00	355	42 07	2.17	19.36
FUJIKURA CABLE 28/4/89	8.00	9.50	315	35 94	7.65	4.70
HAZAMA GUMI 1/11/89	10.50	12.00	391	34.95	6.78	5.15
J S R 28/4/89	8.50	10.00	418	18.10	8.42	2.15
JUSCO 22/12/88	70 00	73.00	738	36.81	1 68	21.86
KAYABA 15/2/89	7.00	8.50	283	17 61	10.17	1.73
KUMORI PRINT	20.00	21.50	2,500	19.78	4 64	4.26
MARUZEN	10.00	11.50	515	26.26	7.89	[illegible]
MINEBEA 20/2/89	34.00	36.00	621	70 01	2.11	33.23
MIT CHEM 20/1/87	60.00	62.00	480	12.72	2.16	5.88
MIT CORP 7/11/88	11.00	12.50	622	8.64	7.78	1.11
MIT GAS 20/3/89	13.50	15.00	353	7.93	6.42	1.24
MITSUI E/S 15/10/88	13 50	15.50	198	−0.93	7 03	−0.13
MITSUI E/S 10/12/87	31.50	33.50	198	−2.12	4.06	−0.52
MIT METAL 10/2/89	78.00	79.00	675	28.06	1.70	16.53
MIT METAL 10/11/89	15.50	16.50	675	21.60	5.59	3.87
MITSUI PET CHEM 15/2/90	29.00	30 50	480	2 50	4.29	0.58
NIPPON MIN 17/3/89	83.00	85.00	406	38.57	1.48	26.08
NISSHO IWAI 1/2/89	6.00	8.00	258	17.87	10.70	1.67
NOMURA 31/10/88	55.00	56.50	1,150	0.01	2.63	0.00
OHBAYASHI GUMI 5/4/89	39.00	41.00	226	57.69	2.01	28.69
OMRON TATEISHI 31/3/89	11.00	12.50	1,710	51.87	5.33	9.73
ONODA CEMENT 10/4/89	42 00	45.00	381	−1.80	3.04	−0.59
ONODA CEMENT 28/2/90	18.00	19.50	381	10.14	5.72	1.77
OPTEC DAI-ICHI	24 00	25.50	730	12.63	4.48	2.82
OSAKA TRANSFORMER 29/1/90	17.50	19.00	568	7.35	5.87	1.25
RENOWN 24/1/89	5.00	6.50	631	32.28	11.54	2.80
SEINO TRANSPORT 17/3/89	5.00	6.50	955	28 19	11.34	2.49
SEIYU STORES 20/3/87	53 00	55.00	636	58 03	1.69	34.32
SONY CORP	19 50	21.00	4,330	24 66	4.66	5.29
SUMI CONSTRUCTION 24/3/89	43.00	46.00	198	48 36	1.99	24.29
SUMI HEAVY 24/2/89	10.50	12.50	246	1.95	8 26	0.24
SUMI REALTY	20 00	21.50	553	15 06	4.81	3.13
TOKYO ELECTRIC 14/3/89	8.50	10.50	1,280	21.73	8 07	2 69
TOKYO SANYO 8/6/87	140.00	143.00	685	58.79	1.05	55.75
TOKYU CORP 29/1/90	14.00	15.50	349	7.73	6 98	1.11
TORAY 5/3/87	12.50	14.50	488	6 58	6 92	0.95
TOYO ENG 14/3/89	44.50	47.50	688	48.06	1.99	24.12
YAMATO KOGYO 29/1/90	9.50	11.00	563	21.90	8.36	2.62

Reuters Monitor DABF/G/H/I
Further information from Freddy Glock or Simon Gamse on 01-248 8080
Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

Gencor
General Mining Union Corporation Limited ("Gencor")

Federale Mynbou Beperk ("Fedmyn")

Results of rights offer of Beatrix Mines Limited ("Beatrix") shares

Gencor announces that the shareholders and debentureholders of Gencor and Fedmyn and/or their renouncees had applied for 21,550,547 ordinary shares of no par value in the share capital of Beatrix at 500 cents each when the rights offer closed at close of business on Friday 29 March 1985. Applications represent 98.4% of the total entitlement. The remaining 351,170 ordinary shares of no par value in the share capital of Beatrix will be taken up by Gencor as underwriter to the rights offer.

Share certificates will be posted by Wednesday 17 April 1985.

Johannesburg
12 April 1985

Senbank
Central Merchant Bank Limited
(Registered Merchant Bank)

(The above companies are incorporated in the Republic of South Africa)

Korea Electric Power Corporation

US$50,000,000

Floating Rate Notes due 1993

In accordance with the terms and conditions of the above notes, notice is hereby given that for the 6-month interest period from 12th April, 1985 to 15th October, 1985 (186 days), the notes will carry an interest rate of 9[11]/16% per annum.

The interest payable on the next interest payment date, 15th October, 1985, will be US$12,513.02 per US$250,000 nominal amount and US$500.52 per US$10,000 nominal amount

Agent Bank:

Lloyds Bank International

This notice complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland and does not constitute an offer of, or invitation to subscribe for or purchase, any securities.

Pearson plc

(Incorporated in England and Wales with limited liability)

Issue of
£100,000,000 Zero Coupon Bonds 1992
at an issue price of 48⅝ per cent.

Lazard Brothers & Co., Limited

Daiwa Europe Limited — Samuel Montagu & Co. Limited
Swiss Bank Corporation International Limited — Westdeutsche Landesbank Girozentrale
Barclays Merchant Bank Limited — Citicorp International Bank Limited
Hill Samuel & Co. Limited — Lazard Frères & Co.
Lazard Frères et Cie. — Merrill Lynch Capital Markets
Sumitomo Finance International — Yamaichi International (Europe) Limited

Application has been made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland for the Bonds to be admitted to the Official List.

Particulars relating to the Bonds and Pearson plc will be available in the Extel Statistical Services System. Copies of the listing particulars relating to the Bonds and the audited annual accounts of the Company for the year ended 31st December, 1984 are available until 16 April, 1985 from the Company Announcement Office, The Stock Exchange, Throgmorton Street, London EC2P 2BT, and up until 26 April, 1985 from the following:

Pearson plc
Millbank Tower
London SW1P 4QZ

Morgan Guaranty Trust Company of New York
Morgan House
1 Angel Court
London EC2R 7AN

Lazard Brothers & Co., Limited
21 Moorfields
London EC2P 2HT

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12th April, 1985

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Burmah offsets lower North Sea returns

Burmah Oil earned £70m before tax in 1984 which marked the tenth anniversary of its rescue from a liquidity crisis by the Bank of England.

The result compares with 1983's £64.9m which has been restated to take account of Petroleum Revenue Tax (PRT) on exploration and production.

Attributable profits nearly trebled from £14.3m to £41.8m largely as a result of a £23.3m swing in extraordinary items—tax was little changed at £28.9m (£27.4m).

The dividend total is being increased by 1p to 10.75p with the directors recommending a higher final payment of 7.25p against 6.25p. On stated earnings per £1 share up 2.92p at 27.57p *the dividend cover is just over* two-and-a-half times.

Nearly all of the pre-tax improvement stemmed from two of Burmah's three strategic trading divisions; Castrol, lubri*cants and fuels, turned in* a record £68.8m compared with £49.2m, while Burmah Speciality Chemicals notched up a near 35 per cent increase to £7.4m with printing inks having a "particularly good year."

Exploration and production, the third strategic division, contributed nearly £6m less at £13.4m, after PRT of £10.5m (£14.2m), reflecting lower production and increased exploration costs.

There were also downturns in shipping where profits fell from £6.9m to £6.3m, and at Quinton Hazel which incurred a loss of £3.1m against a £2.6m profit last time. During 1984 Burmah's controlling interest in Quinton Hazel Superite was reduced to a 23 per cent stake through a merger with another South African company.

Burmah took on a £2.8m loss (profit £3m) from discontinued businesses. Investment income and unallocated central expenses added £3.8m (debit £0.4m).

The shares gained 15p yesterday and closed at 221p, valuing *Burmah,* which has been the subject of bid rumours, at £318.18m.

Asked about the crop of rumours Mr John Maltby, the chairman, said yesterday that *"it is much rumoured but we* have seen nothing as yet."

Moreover, Burmah could play the part of predator in the North Sea, which said Mr Maltby "is a very significant prospect for the future.

"As our North Sea earnings diminish with the decline of Thistle production we could become interested in buying into production with exploration prospects."

In the North Sea generally he expected to see "quite a lot of activity in the sales of interests as well as of companies.

"It is becoming quite an exciting market," he said and added that Burmah would be ready to play its part "when it is ready."

Exploration and production's profits after PRT from Thistle fell by £3.8m in 1984 with a higher average sterling oil price only partially offsetting the effect of an expected decline in production.

The North Sea is to be at the forefront of Burmah's planned exploration programme this year; in addition to its part of the consortium awarded the auction block 16/8c, it has applied for interests in a number of discretionary blocks in the ninth round, both as an operator and a partner.

Burmah is also investigating areas for further investment to expand its Castrol and speciality chemicals operations.

Growth in these two *activities* will come from "organic development, continued international expansion and by acquisition."

Last year the company con*tinued to proceed* with its restructuring process through the disposal of Burmah Engineering Services to Costain for £5m, Halfords to Ward White for £52m, and the reduction of the Quinton stake. Since the year-end Flexibox has been sold to EIS, realising £8.6m.

The disposals have eliminated "some loss-makers and significantly reduced the group's gearing." Burmah expects interest *savings of £6m alone this year* from the sales proceeds—interest charges in 1984 amounted to £26.3m (£23.7m).

While the restructuring will continue, Burmah has opened 1985 "in a better strategic, financial and operating condition than at any time since the early 1970s."

Continuing losses at the Bahamas terminal are a source of concern. However, losses from the tanker fleet have been reduced and total charter commitments have further diminished. LNG operators made a profit and "should benefit in 1985 from operating improve*ments in hand.*"

In speciality chemicals, Burmah recently made a small acquisition in France to expand its market share in printing inks.

The group has a large share of the European market in screen printing inks but nothing in North America. Mr Maltby said Burmah was interested in small in-filling acuisitions to broaden its market share in its existing three activities and might also seek to add a fourth business in speciality chemicals.

At the end of 1984 Burmah had cash at bank and in hand of £24.1m (£19.6m) while investments (short-term investments) *totalled £105.4m (£51.9m).*

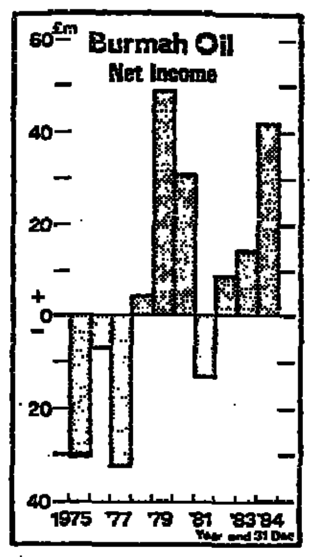
Short-term borrowings stood at £53m (£70.2m) and long-term borrowings were £234.7m (£240.1m). Shareholders funds were up from £365m to £409.3m.

See Lex

PROFIT AND LOSS

	1984 (£m)	1983 (£m)
Exploration of production*	13.4	19.3
Lubricants & fuels	68.8	49.2
Speciality chemicals	7.4	5.5
Shipping	6.3	6.9
Quinton Hazell	3.1†	2.6
Inv. & distribution	2.5	2.5
Inv. income	3.8	0.4†
Interest (net)	26.3‡	23.7‡
Discontinued business	2.8†	3.0
Pre-tax profit	70.0	64.9
Tax	28.9	27.4
Minorities	0.4‡	1.0‡
Extraordinaries	1.1	22.2‡
Attributable	41.8	14.3

* Net of Petroleum Revenue Tax † loss ‡ debit.



Hunting Petroleum beats expectations

CONSIDERABLY better than anticipated profits have been achieved by Hunting Petroleum Services for 1984, say the directors. Although the pre-tax result is down from £5.97m to £5.59m, there was an uplift from £3.16m to £4.16m in second half profits.

Mr Clive Hunting, chairman, says that profits were better than anticipated at the interim stage because of an improved trading performance and the continued strength of the U.S. and Canadian dollars against sterling. There was a substantial inflow of funds during the year from the disposal of directional drilling activities last summer, and results were boosted by an extraordinary £6.07m credit in compensation for early termination of a North Sea turbo-drilling services licence.

The final dividend has been held at 5.75p, which maintains the total at 8p. Basic earnings per 25p share are shown as slipping from 20.7p to 18.06p—fully diluted they were down from 18.42p to 16.57p.

Mr Hunting says that overall 1984 was a "difficult year," one of "fundamental change," but he believes 1985 will mark the start of a more profitable future.

He goes on to say that Hunting Petroleum is in an industry where changes in oil *prices and in the value of the* dollar can have a significant effect on performance and he sees continued downward pressure on crude oil prices persisting.

He points out that Hunting is inevitably a dollar-dependent company and in recent years has benefited from its strength in relation to sterling, and any weakening of the dollar will be detrimental.

He believes that Hunting Petroleum has the resources to develop existing activities and take full advantage of opportunities in oil and energy services. He expects that the next few years will see a significant expansion in the Hunting lubricants and industrial products range, both in the UK and overseas; the acquisition of *Solvolene Lubricants in January* this year was part of this strategy.

Gibson Petroleum in Western Canada should continue its development as an active and efficient service company to the industry, he says, and in the U.S. exploration activity should translate into increased profits.

Turnover increased from £241.59m to £259.49m, including Canadian crude oil transportation and terminal operations at £169.57m (£154.02m), contributing £2.99m (£3.56m) to profits and UK oil broking, storage, products distribution and lubricants at £47.17m (£42.24m) with its £2.34m (£1.53m) contribution to profits.

Profits were subject to tax of £2.01m (£1.95m) including an overseas charge of £1.27m (£1.24m).

The licence to provide turbo-drilling services in the North Sea was due to expire by the end of 1987 and, Mr Hunting says that as the licensor had *advised that they were not pre*pared to consider any extension, it was considered preferable to accept an immediate cash settlement rather than face an accelerating decline over the next few years.

On other areas of activity, Mr Hunting says that Gibson Petroleum in Western Canada, with interests in transportation and storage, had an excellent year. Expansion of its first fractionation plant has started and further opportunities are seen.

Hunting lublicants and industrial products companies with their range of lubricating oil and rust preventive products, *achieved significantly improved* figures while the oil broking companies, in spite of extremely difficult market conditions, were very close to their 1983 level of profit.

Connells turns in £1.75m

Connells Estate Agents, which obtained a full listing a year ago, achieved a higher taxable profit of £1.75m in 1984 compared with £1.51m previously. The result was attained from *commission and fee income of* £6.11m, against £5.18m.

Earnings per share rose from 6.54p to 8.22p and the company is recommending a final dividend of 2.5p, taking the total payout to 3.5p per 5p share.

Mr John Simson, the chairman, says "this is a satisfactory performance, achieved in an indifferent housing market without any material contribution from new offices or acquisitions. We sold 6,100 houses with a value of £220m, an average of over 200 houses per office, well above the industry norm."

Since last September Connells has opened new residential offices in North Watford, Banbury and Stevenage and a new commercial office in St Albans, and acquired Rees and Company with residential offices in Reigate, Redhill and Horley; *bringing the group's total resi*dential offices to 30.

Connells has also acquired Economic Conveyancers, a non-solicitor conveyancing business, and Mr Simson says "we expect shortly to conclude a major acquisition in commercial agency."

As for prospects, he says "although mortgage interest rates are higher than expected, results for January and February were better than last year, and there has been accelerated activity in March."

Profits were struck after £58,000 (nil) for an employee share participation scheme and were subject to tax of £800,000 (£756,000), leaving a net £945,000 (£752,000).

There was an extraordinary charge this time of £96,000, relating to changes in capital *allowance relief.* Dividends will absorb £403,000.

Yearlings at £7.6m

Yearling bonds totalling £7.6m, at 12⅛ per cent redeemable on April 16 1986, have been issued by the following local authorities. Berwick upon Tweed Borough Council £0.5m; St Helens Metropolitan BC £0.5m; Llanelli (Borough of) £0.35m; Maldon District Council £0.5m; Rochdale MBC £1.5m; South Bedfordshire DC £0.5m; West Oxfordshire DC £0.25m; Fife Regional Council £1m; West Yorkshire MBC £0.5m; Kingston upon Hull (City of) £1m; Bolton MBC £1m.

F & C Pacific

F and C Pacific Investment Trust's net asset value per share at January 31 1985 amounted to 196.5p (after adjusting for merger expenses). This compared with 169.7p for General Investors and Trustees at January 31 1984 after deducting the capital repayment of approximately 15.6p in June 1984. Net revenue amounted to £2.37m (£1.24m).

The directors are recommending a final dividend of 2.25p per share for a total of 3.75p com*pared with 3.5p forecast at the* time of the merger and 3.85p paid by General Investors last year.

Imperial's snuff bid to be investigated

By Frank Kane

Imperial Group's proposed acquisition of Permaflex, manufacturer of butane gas refills and snuff, is to be referred to the Monopolies and Mergers Commission.

Imps announced its intention to acquire Permaflex from Dixons Group last February in a deal estimated at around £3.5m, but the Department of Trade and Industry has taken the view that "the proposed merger raises issues of competition in the market for snuff which merit investigation."

The Permaflex snuff packaging and distribution operation is based at the Hedges site in Birmingham and produces the L260 medicated brand by largely traditional methods, including water driven machines of over 100 years old.

Imperial, which already has two UK snuff companies in J and H Wilson and Illingworths of Kendal, has something approaching 60 per cent of the UK market, and it is estimated that the Permaflex deal would give it another 20 per cent.

The UK snuff market is small, but sales are stable at some 115,000 kg annually.

In the last year ended April 1984 Permaflex made profits of £458,000 on turnover of £2.8m. Dixons said last night that the snuff side contributed only £0.75m to turnover, and employed only 10 people. The outcome of the Commission referral "is not commercially material to the group." it added.

Imperial said yesterday that if it were to acquire Permaflex it would "continue to manage it as it had been managed," but could not give any long term commitments to suppliers. It added that it was not going to close the operations down or merge it with the tobacco empire as it was a profitable going concern.

● Imperial also announced yesterday that its brewing and leisure division had purchased for around £1.5m the Luke Brady licensed retail business in London and the South East, including two public houses, two wine bars and two off-licences.

BET in £6m linen hire acquisition

By Lionel Barber

BET, the laundry and services company, has bought a privately-owned Midlands-based linen-hire company, Edwin Benjamin, for around £6m.

The acquisition follows the recent agreed £298m bid for Initial, the laundry business, which BET intends to merge with its wholly-owned subsidiary, Advance Services.

BET said yesterday that it did not expect the deal to be referred to the Monopolies Commission. Benjamin's main subsidiary, Laundrycraft Linen Hire, runs a cabinet towel service which is under an exclusive agency agreement with Advance. It was covered during the recent monopoly investigation into the Initial bid, BET claimed.

BET has paid £1.14m cash and £0.64m unsecured loan stock and has issued 1,496,355 new deferred ordinary shares *for* all the shares in Benjamin. For the year ended March 1984, Benjamin made £654,000 pre-tax profits on turnover of £5.76m.

Benjamin employs 550 people. Its main activities are linen hire (64 per cent of turnover in 1983-84), *domestic* laundry and retail dry cleaning (31 per cent) and cabinet towel hire (5 per cent).

BET estimates that putting together Initial, Advance and Laundrycraft will give it good geographical coverage and some 16 per cent of the UK linen-hire market. Laundrycraft's strength, said BET, is in the growing hotel linen-hire market.

Triplevest

After tax of £1.1m, against £932,000, revenue of Triplevest, investment company, came through at £2.24m for the year ended February 28 1985, compared with £1.91m last time.

The dividend is stepped up to *9.352p (7.97p) with a final of* 4.603p. Net asset value per capital share was £10.80 (847½p) at the year end.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Wm Baird	10.5	July 2	9.45	17.5	15.75
Burmah Oil	7.25	July 2	6.25	10.75	9.75
Connells Estate	2.5	May 23	—	3.5	—
Dowding & Mills ...int	1.05	May 17	0.95	—	2.45
Fothergill & Harvey	5.5	—	5	8.25	7.75
French Connection	3.5‡	—	2.6	5.25	2.6
Hewden-Stuart	1	July 10	0.85	1.53	1.33
Hunting Petroleum	5.75‡	July 5	5.75	8	8
Lec Refrigeration	8.5	May 18	8.5	12.5	12.5
London & Prov Shop int	2¶	July 2	1	‖	4
Martonair ...int	2.2	May 17	2	—	9.5
James Neill	3.25	May 24	1	4.75	2
Riley Leisure	nil	—	2.2	0.7	4.2
Ruberoid	5.6	May 17	5.1	7.8	7.1
Triplevest	4.6	—	—	9.35	7.97

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Increased to reduce disparity. ‖ Final of 2.6p forecast.

Wm Baird rises to £11.9m and is set for further growth

BOTH AREAS of William Baird made "encouraging" progress during 1984 and enabled the *Glasgow-based group* to lift its pre-tax profits for the year by £1.37m to £11.86m.

Furthermore, indications suggest that the progress will continue in the current year.

Meanwhile, shareholders see their dividend increased from 15.75p to 17.5p net by a higher final of 10.5p (9.45p).

Turnover for 1984 improved from £188.08m to £213.81m and at the operating level profits advanced by £2.17m to £14.76m.

Baird Textiles, taking in Dannimac, pushed its contribution up from £8.36m to £9.88m and Darchem, the engineering and insulation division, showed an improvement of £518,000 at £3.77m. Investments added £1.11m *(£985,000).*

Pre-tax profits were after taking account of higher interest charges *of £2.55m (£1.75m)* and central administration costs of £359,000 (£356,000).

Main focus during the year was on the organic development and expansion of existing businesses.

Capital expenditure was at record levels—over £8m was invested in the year. Much of this was applied to improving efficiency and reducing costs, but a proportion was used to meet increased demand and to generate new business.

At the same time, the opportunity to make acquisitions to complement existing businesses was not overlooked.

During 1984 the majority of Baird Textiles' subsidiaries maintained or strengthened their positions.

Overseas manufacturing had a better year in spite of the reduction in value of the pound. Brand *clothing sales increased* their share of the market, led by Dannimac which had another successful year.

The directors have authorised the replacement of the looms in the weaving operations at Trawden. They say this is significant as it is an investment in an area which has had little capital spent on it for some time.

Tax was reduced from £3.16m to £2.91m and extraordinary charges fell by £316,000 to £93,000.

Pre-extraordinary items, earnings per £1 share emerged at *47.5p, against 38.9p,* and net asset value per share came through 34p ahead at 317p.

● comment

William Baird could make profits of between £12¼m and £13m pre-tax this year dropping the prospective p/e, at 347p, to around 6½. Its market capitalisation of £65m is just £5m above the group's net asset value and that includes the best part of £25m in cash. So, on the face of it, Baird's shares look plainly undervalued but there is a drawback—they have looked relatively cheap for the last couple of years *or more.* Despite *solid* profit performances from its two main activities the price doggedly tracks the market. Indeed, if anything, Baird's equity has probably underperformed. Possibly the management is guilty of hiding the group's light behind a "rag trade" label and certainly a scrip issue would not come amiss to improve the stock's marketability. Equally the market is *probably guilty of concentrating* on the textile operations (where 35 per cent of sales go to M & S) and ignoring Darchem, the engineering business, to the detriment of the overall rating. *It could* be that the time has come for a long overdue rerating.

Planet in £0.79m sale

Planet, the caravan window and door manufacturer, has announced the sale of its Luxembourg manufacturing plant to Resart-IHM of West Germany, for £787,000.

Planet SA had a book value of LuxFr63m (£826,000) at the end of 1984 after the parent made a LuxFr29m provision for the loss against this value expected in the sale to Resart.

A further LuxFr40m will be paid by Resart for the stocks and work in hand.

The UK company expects to net LuxFr25m on the transaction as a whole which will proceed if shareholders *approve the sale* at an extraordinary meeting on April 29.

In 1984 the Luxembourg unit suffered a £919,000 loss.

Ferry Pickering

Ferry Pickering Group, printing, packaging and publishing concern, achieved pre-tax profits of £852,000 for the six months to end-December 1984, against £751,000, on turnover of £5.72m (£5.16m).

An interim 1.1p (1p) dividend is being paid. Stated net earnings per 10p share are shown as 4.446p (3.484p).

Burmah

1984 A year of significant progress

● Earnings increased by 12 per cent
● Record results from Castrol
● Dividends increased by 10 per cent
● Disposals realised £60 million
● Gearing significantly reduced

	1984 £ million		1983 £ million	
Profit before tax		70.0		64.9
Ongoing businesses	72.8		61.9	
Discontinued businesses	(2.8)		3.0	
Profit after tax, less minority interests		40.7		36.5
Ongoing businesses	44.0		35.4	
Discontinued businesses	(3.3)		1.1	
Earnings per stock unit		pence 27.57		pence 24.65
Net assets per stock unit		271		240
Net gearing		28%		39%

The Burmah Oil Public Limited Company

The directors are recommending a net final dividend of 7.25p per £1 unit of ordinary stock. Together with the interim dividend paid last December, this will increase the total of ordinary dividends in respect of 1984 with related tax credit to 15.3571p per £1 unit of ordinary stock. The final dividend, if approved, will be paid on 2 July 1985 to stockholders on the register on 17 May 1985.

To: The Secretary,
The Burmah Oil Public Limited Company,
Burmah House, Pipers Way, Swindon,
Wilts. SN3 1RE.
Please send me a copy of the Annual Report and Accounts 1984.
Name
Address

The figures for the years to 31 December 1983 and 1984 respectively are each abridged from the Group's full accounts for the relevant period. While both sets of accounts are the subject of unqualified auditors' reports, only those for the earlier year have to date been filed with the Registrar of Companies.

The Annual Report and Accounts will be published on 1 May 1985. The AGM will be held in Glasgow on 24 May 1985.

NOTICE TO LOMBARD DEPOSITORS

	Rates for depositors entitled to receive gross interest	Rates for depositors entitled to receive net interest	Gross equivalent to a basic rate tax payer
14 Days Notice — Minimum deposit is £2,500	13⅛% pa	9·81% pa	14·01% pa
Cheque Savings Accounts — When the balance is £2,500 and over	12⅝% pa	9·43% pa	13·48% pa
When the balance is £250 to £2,500	10⅝% pa	7·94% pa	11·34% pa

Interest is credited on each published rate change, but not less than half yearly.

Lombard North Central
17 Bruton St, London W1A 3DH.

Granville & Co. Limited
Member of The National Association of Security Dealers and Investment Managers
8 Lovat Lane London EC3R 8ET Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
144	123	Ass. Brit. Ind. Ord.	143	—	6.6	4.4	7.8	9.5
151	135	Ass. Brit. Ind. CULS	149	—	10.0	6.7	—	—
77	51	Airsprung Group	57	—	6.4	11.2	6.3	7.5
42	26	Armitage and Rhodes	34	—	2.9	8.5	4.2	7.0
145	108	Bardon Hill	144	—	3.4	2.4	14.5	24.2
58	42	Bray Technologies	63xd	—	3.9	7.4	6.5	7.5
201	170	CCL Ordinary	170	—	12.0	7.1	—	—
152	110	CCL 11pc Conv. Pref.	110	—	15.7	13.8	—	—
1020	100	*Carborundum Ord.*	*1020*	+20	5.7	0.6	—	—
88	84	Carborundum 7.5pc Pf.	88	—	10.7	12.2	—	—
73	51	Deborah Services	52	—	6.5	12.5	5.0	8.0
314	182	Frank Horsell	314	—	—	—	12.8	16.5
268	170	Frank Horsell Pr.Ord.87	268	—	9.6	3.6	10.8	14.1
32	25	Frederick Parker	27	—	—	—	—	—
58	33	George Blair	58	—	—	—	3.9	7.8
50	23	Ind. Precision Castings	23	—	2.7	11.7	6.3	6.8
218	*188*	*Isis Group*	*189*	—	15.0	7.9	7.5	13.6
124	101	Jackson Group	105	+4	4.9	4.7	4.9	9.5
285	213	James Burrough	244	—	13.7	5.6	8.7	8.7
93	83	James Burrough 9pc Pf	85	—	12.9	15.2	—	—
87	71	John Howard and Co.	87	—	5.0	6.7	8.9	12.6
210	100	Linguaphone Ord.	210	—	—	—	7.7	8.0
100	93	Linguaphone 10.5pc Pf.	97	—	15.0	15.5	—	—
650	300	Minihouse Holding NV	650	—	3.8	0.6	46.8	51.2
120	*31*	*Robert Jenkins*	45	—	5.0	11.1	—	—
60	28	Scruttons "A"	33	+1	5.7	17.3	17.4	4.0
92	61	Torday and Carlisle	77	—	—	—	8.3	17.5
444	340	Trevian Holdings	340	—	4.3	1.3	19.3	19.0
28	17	Unilock Holdings	28	—	1.3	4.6	13.6	19.6
98	81	Walter Alexander	94	—	7.5	8.0	9.3	11.3
247	216	W. S. Yeates	216xd	—	17.4	8.0	6.1	10.6

Prices and details of services now available on Prestel, page 48146

ROTHSCHILD ASSET MANAGEMENT (CI) LIMITED
St. Julian's Court, St. Peter Port, Guernsey - 0481 26741/26331
OLD COURT CURRENCY FUND LIMITED

Sterling	£	10.488	12.39%
Australian Dollar	A$	15.693	13.67%
Canadian Dollar	C$	20.826	8.96%
Dutch Guilder	DFL	51.070	5.66%
Danish Krone	DKr	157.129	8.43%
Deutsschemark	DM	40.862	4.58%
Belgian Franc (FIN)	BFr	834.06	8.79%
French Franc	FFr	104.075	9.55%
Hong Kong Dollar	HK$	102.919	6.49%
Italian Lira	L	26.561	12.85%
Singapore Dollar	S$	30.735	4.87%
Swiss Franc	*SwFr*	30.5095	3.54%
US Dollar	$	15.569	7.75%
Japanese Yen	Y	3585.08	5.19%
		Bid	Offer
Man Stg	£	9.64886	9.94728

UK COMPANY NEWS

Jas. Neill reaps benefits from reorganisation

FOLLOWING a substantial reorganisation programme, initiated in 1983, profits of James Neill Holdings, tool maker and general engineer, have recovered to £3.63m for 1984. This is the best level since the record £4.4m in 1977 and compares with the £733,000 achieved in 1983.

The directors say that further relocation expenses and additional expenditure on new plant and machinery will be incurred during 1985 and will result in further substantial cost savings. They add that negotiations are well advanced for the sale of that part of the company's prime Napier Street site which is already vacant.

The current year has started satisfactorily, directors state, and they are optimistic of the outcome.

At the midway point of 1984 profits had climbed back from £109,000 to £1.38m and directors said that in the knowledge of cost savings to come in the second half, they were optimstic as to the full period.

In the light of the 1984 outcome the directors are boosting the dividend from 2p to 4.75p per share with a final payment of 3.25p.

Turnover for the year increased from £48.19m to £52.81m and was split between: home sales £28.46m (£27.51m); export sales (other than to group companies overseas) £10.46m (£10.73m), and sales by group companies overseas £13.88m (£9.95m).

Including £3.89m (£1.57m) from the UK companies, operating profits expanded from £1.59m to £4.46m and the pre-tax figure was struck after interest charges, similar at £826,000 (£856,000).

After tax £603,000 (£247,000) earnings per share are shown as 16.8p compared with 2.6p.

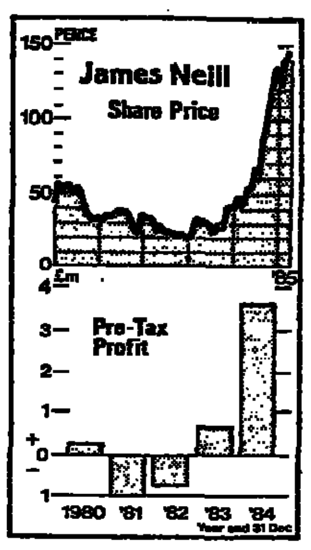
Mr J. Hugh Neill, chairman, says that reorganisation involving the concentration of manufacturing resources and the streamlining of administration has been implemented progressively.

"There is still much to be done, but what has already been done is reflected in the improved performance throughout the past two years," he states.

Reorganisation costs during 1984 have been charged as an extraordinary debit of £2.03m (£19,000) leaving an attributable balance of £1m, against £467,000 last time.

Capital expenditure in the current year will involve relocation costs as well as increased investment in more modern plant and machinery, Mr Neill explains. Following a figure of £831,000 last year, 1985, he says, has started with commitments and authorisations totalling £1.85m.

Plans for 1985 include the move of spanner and wrench manufacture from Bushbury (Wolverhampton) to Cannock; the move of the group's finished goods warehouse from Handsworth (Sheffield) to more suitable premises a mile away; and the move of all administration and of all manufacture except magnet, from Napier Street (Sheffield) to Handsworth.



● comment

Recovery continues apace at James Neill although a real breakthrough into new lush pastures is yet to come. Over the last six years, turnover has hovered within £2m of the £50m mark and interest charges have been the main determinant of pre-tax earnings or losses. As a result of shedding half its workforce since 1979—the total is now 2,039—sales per employee have risen to over £25,000, although the target has to be nearer double this given the mature nature of many of the company's products. The problems with Suter and friends (finally settled in January when they sold their roughly 15 per cent stake for a good capital gain) led the group to redouble its expansion effort, probably at the cost of any further fall in net borrowings. These in fact have marginally increased to £7.6m from £7.3m although the ratio to shareholders' funds remains about 30 per cent. A possible acquisition of a UK brand name tool maker could add to debts in the coming year. For 1985 a further £1.5m in rationalisation costs are expected (last year the figure was £2.03m), plus capital spending of £3½m. The market is looking for pre-tax profits of £4.7m which, on a tax rate of 20 per cent, produces a prospective p/e of 7 on yesterday's 146p.

Land sale boosts Ruberoid profit

FOR THE ninth successive year Ruberoid has announced an improvement in pre-tax profits, with a 19 per cent increase for 1984, from £5.55m to £6.6m. This figure, however, includes a £1.76m contribution from the sale of surplus land.

Turnover for this building and surface protection products, specialist contracting, paper and resins group moved ahead by £23.5m to £119.65m, generating a trading profit, excluding Camrex losses, of £7.33m (£6.65m).

A final 5.6p (5.1p) dividend raises the total for the year to 7.8p (7.1p), which is covered more than three times by stated net earnings of 24.7p (22.97p) per 25p share.

Mr. Thomas Kenny, group chairman, says that it is too early to be positive about 1985, and that the outlook for the construction industry is "blurred."

In achieving the 1984 results, the chairman says that the group had an "undue share of problems." Camrex, which supplies specialised marine and industrial surface coating products and was acquired by the group in June 1983, incurred losses of £584,000, against losses of £1.1m for the previous six months.

The building materials division is the group's biggest and most important profit earner, Mr Kenny says, although in the UK margins are under considerable pressure. In addition, due to the miner's strike a profit potential of about £700,000 relating to Hyload, a premier product, and the cost of coal, was missed.

The Belgian activities, which continue to prosper, have been enlarged by the acquisition of Asphaltco in February 1985.

Mr Kenny states that the contracting division, which is a volatile activity, has plenty of orders due for execution. Coverwell Roofing achieved record profits in 1984, and Bath Flat Roofing, acquired in January 1985, will strengthen the group's presence in the Bath area, he says.

The paper industry is well overdue for a recovery, the chairman considers, and 1985 should show the benefits of new and expensive equipment. Although profits were made on merchanting in the plastics division, the margins were narrow, and teh group is discontinuing this activity.

Related companies contributed £807,000 (£497,000) to pre-tax profits, while interest payments took £957,000 (£498,000). Minorities accounted for £220,000 (£257,000), and the tax charge was £2.84m (£2.25m).

Retained profit emerged at £2.42m (£2.02m).

Rivlin raises £1m in two part issue

I. D. & S. Rivlin has announced a two-part capital expansion plan which will raise just short of £1m. The cash is intended to further advance its development as a property developer and investor, says Rivlin.

The plan consists of the issue of 975,000 new ordinary shares to a major shareholder, the Netherlands Antilles based Finarab Investment Company, increasing its stake from 14.75 per cent to 29.7 per cent; and a rights issue of 508,297 shares on a one-for-eight basis.

Mr R. D. Moon, Rivlin's managing director and also a director of Finarab, said that despite the increased Finarab stake there were no plans for a bid for Rivlin.

Rivlin also announced a loss of £42,000 for the six months ended October 31, 1984 against a £13,000 profit.

Mr Moon said that the group was in negotiations for the sale of its textiles division, and that planning permission was being sought for the construction of a science park on a 23-hectare site near Geneva. Rivlin's shares were unchanged yesterday at 86p.

Refuge expands UK life with £3.5m acquisition

Refuge Group, the Manchester-based insurance and financial services group, has expanded its involvement in the UK life assurance field by acquiring Canterbury Life Assurance Company, based in Canterbury, Kent, for £3.5m.

Refuge's main subsidiary, Refuge Assurance is a home service company operating in the industrial and allied insurance markets through its own agency force selling traditional life products. It recently entered the unit-linked market.

Canterbury Life operates in both the insurance intermediary and the direct sales markets *specialising in guaranteed* income bond type products and in unit-linked contracts. Thus the acquisition gives Refuge access to a new life assurance market.

Canterbury Life was formed about 11 years ago by Mr John Field who remains as managing director. It had a premium income of over £4m in the year to June 1984, with a life fund of over £8m.

The deal will be satisfied by the issue of up to 1,038,610 Refuge Group ordinary shares.

Refuge's chief executive Mr Tom Booth, becomes chairman of the new company.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually *held for the purposes of considering* dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Kwik Save Discount, UDO, United Ceramic Distributors.

Finals: Allied Plant, Aquascutum, Breakmate, Centreway Trust, Chepstow Racecourse, Dinkie Heel, Gill and Duffus, Hawker Siddeley, Jersey Electricity, Laidlaw, Microlease, North British Canadian Investment.

FUTURE DATES

Interims—	
Brikat	Apr 15
Concentric	May 7
Gable House Properties	Apr 19
Rand Mines Properties	May 2
Spectrum	Apr 24
Ulster Television	Apr 19
Finals—	
A.P.V.	Apr 17
Astbury and Madeley	Apr 17
Benford Concrete Machinery	Apr 18
British Mohair	Apr 17
Duncan (Walter) & Goodricke	Apr 16
EIS	Apr 22
Emess Lighting	Apr 18
Goal Petroleum	Apr 22
Grovebell	Apr 17
Hall (Matthew)	Apr 17
Micro Business Systems	Apr 24
Office and Electronic Machines	Apr 25
Smaller Companies Intnl. Trust	†Apr 25
Smith St. Aubyn	*May 15*

† Amended.

Higher demand lifts Martonair

FOLLOWING A £1m upturn for the whole of the 1983/84 year to £5.25m, profits at Martonair International, pneumatic control equipment manufacturer, have expanded by £613,000 to £2.65m *for the first six months of the* current year.

Mr Ronald Cartwright, chairman, says the higher level of demand experienced at the beginning of the period is continuing, both in the UK and overseas and, in the absence of any unforeseen circumstances, the group expects results for the full 12 months to show a useful increase compared with last year.

Last November the directors pointed out that an improved trend in activity, seen earlier in the year, had continued and resulted in an increase in year-end turnover, from £41.7m to £48m, and an improvement in margins, from 10.2 per cent to 10.95 per cent.

First half turnover, to January 31 1985, improved from £22.09m to £25.99m.

After tax of £1.24m (£900,000) earnings per 20p share are shown as 11p, compared with 9p, and the interim dividend is increased by 10 per cent to 2.2p (2p)—last year's final distribution was 7.5p.

Preference dividends absorb £4,000 (same) and after ordinary payments of £288,000 (£260,000) the amount retained was £1.12m, against £868,000.

● comment

Martonair appears to be riding upwards on the fifth year of its business cycle with the market expecting that the full year will see the 1980 record of £6.1m pre-tax broken — although not by much. The interim result for the group might even suggest a weakening of the seasonal trend which has seen the main gains made in the latter half. In the group's field — increasingly the lower end of the robotics market —the company is well placed in Europe but lacks a global presence. The difference in margins between UK sales (£9m in the half year on which profits of £1.6m were made) and overseas (£17m of sales and £1m profits) is primarily due to inter-company pricing. Although the shares are currently fairly highly rated—up 7p at 352p yesterday, close to the 1984-85 high—the group looks a good buy for someone who could offer the international marketing to back up the good ideas and sound products. Any move would almost certainly have to be an agreed one, however, if the real benefits were to be reaped. For the full year £6½m pre-tax is seen by analysts, a prospective of over 13 on a 44 per cent tax rate.

London & Provincial

Pre-tax profits of London & Provincial Shop Centres (Holdings), property development and investment concern, improved from £905,000 to £1.11m for the half year ended December 25 1984, while a full-year outturn of £2.2m is forecast. This is against £2.03m.

After tax of £484,000 (£453,000) earnings per 10p share are given as 3.84p (2.79p) at midway, and to reduce disparity, the interim dividend is doubled to 2p net. The directors also propose to recommend a final distribution of 2.6p to make a 4.6p (4p) total.

Gross rental income increased from £1.9m to £2.04m and is expected to rise to some £4.15m *for the full year (£3.97m).*

Cornwall House, Slough, has been let to Data General at a rental of £555,000 per annum commencing June 24, while a ground floor banking hall already let to Williams & Glyn's Bank produces a further £55,300 per annum.

Asda Prop. at 172p

Full details have been released of the pending offer for sale in Asda Property Holdings. Brokers Laing & Cruickshank will be offering 3.15m ordinary shares in the property company at 172p a share, raising £5.4m and valuing the whole business at £17.7m.

At that price Asda is coming to market on a 23 per cent discount to its pro-forma net asset value. *Full details of the issue,* together with a comment, will be published in Monday's edition.

Dowding ahead

On sales up by £2m to £12.43m, taxable profits of Dowding & Mills, electrical and mechanical engineer, advanced to £1.78m for the six months ended December 31 1984, compared with £1.24m.

The directors say trading in the second half is showing a satisfactory improvement over the same period last year, and they consider that the full-year profit will be materially ahead of the £2.61m for 1983-84.

After tax, £700,000 (£416,000), earnings at midway are given as 3.34p (2.63p) per share and the interim dividend is lifted to 1.05p (0.95p).

Jackson Exploration

Jackson Exploration's underwritten rights issue was taken up by shareholders representing 70.9 per cent of the 21.28m new shares. This included 20.31m new shares subscribed by directors and their family interests.

LADBROKE INDEX
960-964 (unchanged)
Based on FT Index
Tel: 01-427 4411

BNP'S NEW VENTURES IN CHINA

Banque Nationale de Paris, France's largest bank was among the first to be present in the People's Republic of China. BNP already has four representative offices in Peking, Canton, Shanghai and Shenzhen and is now entering into three new ventures in that country.

First, the China International Non-Ferrous Metals Leasing Company, is set up to provide lease financing for imported machinery vital for the modernisation of over 800 Chinese companies engaged in that industry. This venture associates three Chinese partners including the China National Non-Ferrous Metals Industry Corporation and the Bank of China, and one American partner, First Interstate Bank of California, together with BNP.

Second, a preliminary agreement was reached in Shenzhen on 18 March 1985 to form the South China International Leasing Company Ltd which will finance the purchasing of industrial equipment in the Special Economic Zone of Shenzhen and in South China. The venture involves four Chinese partners including the Bank of China and the Japanese bank Hokkaido Takushoku together with BNP.

Third, Banque Nationale de Paris participates with Automobiles Peugeot in a joint Franco-Chinese venture, Guangzhou Peugeot Automobile Co Ltd, to build pick-up trucks under the Peugeot name.

(until further notice)
Banque Nationale de Paris
Beijing Hotel - Suite 8022, Beijing P.R.C.
Tel: (86) 507 766 Ext 8022 Telex: 22593 Natiopar

This advertisement is published by S. G. Warburg & Co. Ltd. and Citicorp International Bank Limited on behalf of Entrad Investments (U.K.) PLC.

TOOTAL'S 1985/86 PROFIT FORECAST IS ALREADY COMING APART AT THE SEAMS.

You can expect an eleven month profit forecast based on just one months results to show some flaws by the end of the year.

But it shouldn't be coming unstitched in the first month.

Tootal's hazardous profit forecast of March 28th has already failed the test of time.

Their stable interest rate assumption has been proved false.

So has their assumption of stable international exchange rates.

Before any more of their assumptions come unravelled we suggest you accept our generous offer of 72.5p per Ordinary Tootal Share and final gross dividend of 2.67p.

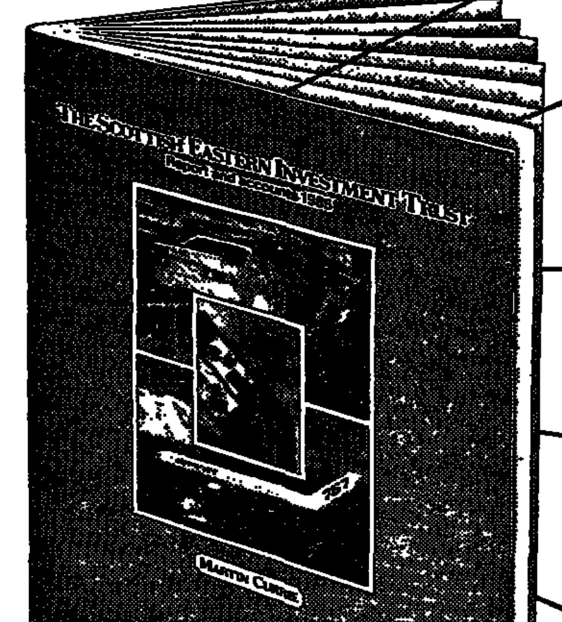
ACCEPT ENTRAD'S OFFER FOR YOUR TOOTAL SHARES

The Directors of Entrad Investments (U.K.) PLC (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and each of the Directors accepts responsibility accordingly.

Capital growth

The investment objective of The Scottish Eastern Investment Trust *is capital growth through an* internationally diversified portfolio.

1984 was a very successful year for the company with growth in earnings, dividends and assets per share being achieved. A one-for-one bonus issue to shareholders is proposed.



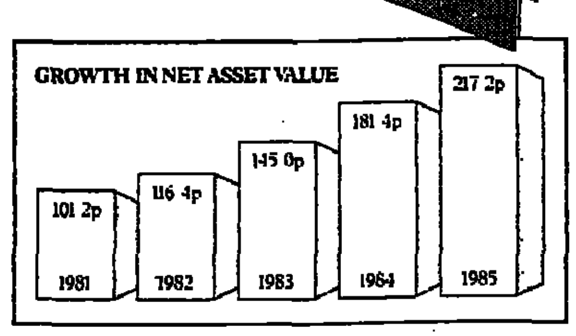
"I believe that your Company's portfolio, invested in a diversity of strongly growing companies spread across the leading and most dynamic economies of the world, will stand shareholders in very good stead over the coming years." Norman Lessels, *Chairman.*

"Since the end of the financial year our capital performance has strengthened further and based on the most recent figures available, the twelve months to 28th February 1985, the appreciation in the net asset value exceeds the rise in the F.T. All-Share Index by more than 6 percentage points." Michael Kennedy, *in charge of the investment team.*

"We look forward to the rewards of equity investment in a climate of political stability, steady economic growth and a lower level of inflation than previously experienced." Joe Scott Plummer, *responsible for the U.K. portfolio.*

"Towards the end of the year we began to reinvest in the technology sector since ratings appeared much more reasonable and the outlook for profits was in many cases unimpaired." Michael Gibson, *responsible for the North American portfolio.*

"We strengthened our investment in the financial sector in the autumn. More recently we have begun to realise some profits from earlier investments to emphasise the exporting sector. The blue-chip exporters are on ratings of between ten and fifteen times 1985 earnings and selectively display excellent value." Keith Falconer, *responsible for the Far East portfolio.*



Our annual report, just published, includes a detailed management summary of our aims, activities, performance and prospects. If you would like a copy, please complete and return the coupon.

SCOTTISH EASTERN
The Scottish Eastern Investment Trust p.l.c.
An investment trust listed on The Stock Exchange

MARTIN CURRIE

The Managers and Secretaries of The Scottish Eastern Investment Trust are Martin Currie & Co. For a copy of the Trust's 1985 Report and Accounts, return this completed coupon to: Martin Currie & Co., 29 Charlotte Square, Edinburgh EH2 4HA (Tel: 031-225 3811).

To explain fully the advantages of investment trusts, The Association of Investment Trust Companies has produced a booklet called "More For Your Money". Please tick the box if you would like a free copy.

Name

Address

FT 12/4

Alexander Nicoll looks at Peek's reverse bid for Energy Services

Scene set for an unusual City fight

TWO COMPANIES with colourful histories, Peek Holdings and Energy Services and Electronics, have drawn up battle lines for an unusual City fight: a contested reverse takeover bid.

Trading in Peek shares was suspended for five years from 1976. After acquiring Consolidated Commercial, a mini-conglomerate, it discovered a host of problems including crippling losses at the food distribution subsidiary which had initially attracted the acquirers—then known as Rubislaw Investment Trust. The receivers were called in, and Peek's listing was restored only in 1981 after a capital reconstruction.

In addition to the Liverpool grain storage interests which have survived, Consolidated Commercial's activities had included a Nigerian biscuit company, U.S. real estate of which proof of ownership could not be established and a Singapore ceramics company which had persistent problems with the baking ovens for its tiles.

Chairman Mr John Leworthy, a former stockbroker who also heads Crystalate Holdings, has since been steering Peek through a period of marking time while it awaited an opportunity to revitalise the shell—which he now believes to have arrived.

The Bank of England holds just under 30 per cent of Peek as a remnant from its lifeboat, launched in the secondary banking crisis, and Mr Leworthy, Lord Slim, the deputy chairman, and Mr Paul Rackham each hold about 5 per cent.

Now capitalised at £2m, Peek is offering shares with an underwritten cash alternative worth £26.3m for Energy Services. It it is successful, an additional £6m of capital will be subscribed by Mr Julian Askin, who once ran Energy Services' most profitable subsidiary, and his associate Mr Hugo Biermann. They would become joint chief executives of the combined group.

Mr Julian Askin, one of two potential investors in Energy Services, and Mr John Leworthy, chairman of Peek Holdings

Although there are precedents for opposed reverse bids—Law Land, for example, fought a bitter and unsuccessful battle against a bid from Churchbury Estates—it is perhaps more illuminating to compare Peek's offer with the recent bid battle for Cullen's Stores, the grocery and off-licence chain.

Each of the three contestants in that fight formed new companies and arranged institutional finance. The successful consortium, headed by three former Imperial Group executives, then obtained a new share listing for the acquiring company under the Cullen's name.

With its existing shareholders potentially holding about 5 per cent of the proposed enlarged group, Peek is effectively being used as a similar vehicle, with new funding coming from Mr Askin, Mr Biermann and their private backers.

Energy Services has also been through several incarnations before emerging as a group with a strong and profitable division which rents out electronic testing equipment, Livingston Hire, and several other loss-making businesses including Neve, which makes sound-mixing systems for studios and mobile radio telephones.

Until the early 1970s, the group was named Bonochord and its main business was the manufacture of hearing aids. In 1972 it acquired Livingston, and Mr David Rennie, Livingston's founder, became joint managing director.

The following year, Bonochord bought EAE, a glamorous company built by Mr Francis Holmes as one of the first providers of oilfield services in the North Sea. The name of the group was changed, and Mr Holmes soon became sole managing director, with Mr Askin running Livingston and later briefly becoming finance director of the group.

The capital needs of oilfield services quickly became burdensome, and EAE was sold on to Plessey in 1975. Mr Holmes went with it, and Mr Askin left for South Africa, where he and Mr Biermann have since developed an electronic maintenance and insurance broking group.

Livingston is the leader in its specialised field, with much of the rest of the market taken by Microlease, a USM-quoted company founded and headed by Mr Rennie after his departure from Energy Services, and Instrument Rentals.

Mr Askin and Mr Biermann want to expand Livingston, especially abroad, and are expected to attempt to sell Energy Services' other subsidiaries.

Some of Energy Services' institutional shareholders, by sub-underwriting the share issue being made by Peek to finance the acquisition, have already signalled their dissatisfaction with the company's performance and a readiness to see it under new management.

But a vigorous defence can be expected from Energy Services, which has Mr Frederick Rollason as chairman and Mr Robin Rigby, the former chairman who guided the company through its acquisition troubles, still on the board.

Equity terms offer a rise in capital value

PEEK ARGUED yesterday in its formal offer document that Energy Services' shareholders accepting its share offer would obtain new direction for their investment, which would be properly capitalised.

The offer of seven Peek shares for two Energy Services would provide a 30.6 per cent increase in capital value, it said, with the cash alternative of 70p per Energy Services share providing a 4.5 per cent increase on pre-bid levels.

Peek shares were unchanged yesterday at 25p, valuing the share offer at 87.5p, while Energy Services shares were unchanged at 94p. They have been underpinned by market talk that another bidder was in the offing, though no such contender has yet emerged.

Peek has paid no dividends for some years and is in arrears on preference share dividends. It said, however, that if successful with the bid it expects to pay dividends this year "at a rate such that accepting Energy Services shareholders will receive an income at least equivalent" to dividends totalling 1.125p in 1983.

In 1984, Energy Services increased its interim dividend from 0.45p to 0.5p.

J. Henry Schroder Wagg, advising Energy Services, reiterated yesterday that the Peek bid was "unsolicited and unwelcome."

Peek, advised by Hambros, said the £6m to be injected by Mr Askin and Mr Biermann would be used to reduce Energy Services' borrowings and would make available adequate capital for the group's future.

It said that the pattern of increasing profits for Livingston and large losses in other divisions appeared to have continued in 1984, and that high gearing resulting from the losses would restrict Livingston's capital investment programme.

Mr Frederick Rollason, Energy Services chairman, countered last night that Lion Oil Tool, one of the subsidiaries, was now making a small profit. New digital consoles produced by the Neve sound-mixing business were now receiving orders after several years of development, and the radio telephone subsidiary was expected to receive an influx of orders resulting from waveband changes.

On the rental side, the existing management would better control Livingston than Mr Askin, who headed the subsidiary for a short time when it was much smaller than it is today, Mr Rollason said. "I don't think he's got business experience," he added.

Saxon and Petrolex agree on £13.4m bid

By Frank Kane

SAXON OIL yesterday unveiled an agreed offer for Petrolex in terms which value the independent oil company at £13.39m, some £1.64m more than the offer from Clyde Petroleum which has been doggedly opposed by the Petrolex board.

The basis of the offer is four new ordinary Saxon shares of 50p each for every 21 Petrolex shares. At last night's closing prices of Petrolex—up 1p at 82p—and Saxon—down 20p at 450p—the Saxon share offer values Petrolex at 85.7p per share, compared with Clyde's 75p cash per share offer.

There is a cash alternative offered by Saxon's advisers J. Henry Schoder Wagg of 80p per share, but Mr John Heaney, chairman of Saxon, was confident that shareholders would be happy to accept the company's paper. He said that the company may have been undercapitalised, and that the deal would broaden its equity base.

Mr Jim Lindars, Petrolex's managing director, said that it had been clear "for some time" that the company could not retain its independence, and that the board had "decided to look at alternatives at the highest possible price."

The reaction from the Clyde camp was one of "great disappointment," in the words of its chief executive, Mr Malcolm Gourlay. He did not entirely rule out an increased offer from Clyde, but reiterated that it "would not be prepared to overpay" for Petrolex.

Clyde has said throughout the often bitter contest for Petrolex that it considered its own offer to be a "full and fair" reflection of its value.

Mr Heaney commented that "Petrolex is obviously worth more to us than it is to Clyde," and said he would be surprised if Clyde capped the latest offer. He pointed to the increased petroleum revenue tax shelter that Saxon would gain from Petrolex's Forties interests.

He described Saxon's relations with Petrolex as "very friendly from day one," adding that his group had been aware of its potential "for nine months or so," but that Clyde's offer had brought matters to a head. The final decision to make a counter bid had been taken, he said, as late as last Tuesday.

Tuesday was also a closing day for acceptances of Clyde's offer, and the Petrolex announcement that there was another possible bidder, then un-named, angered Clyde, when acceptances totalled 19.31 per cent. It blamed the late withdrawal of some acceptances on Petrolex's statement.

Mr Gourlay considered yesterday that his group had been very close to getting Petrolex. "In the absence of a counterbid we would have got it, which makes defeat all the more bitter," he said.

Gold Fields profits rise in first quarter despite lower output

BY KENNETH MARSTON, MINING EDITOR

DESPITE South Africa's advancing inflation rate the gold mines in the Consolidated Gold Fields group have held costs at bay during the first quarter of this year. Costs per tonne of ore milled have fallen slightly to an average of R66.31 from R66.55 in the previous three months.

This factor, coupled with a further rise in the average gold price received to R19,796 per kilogramme from R19,439 is reflected in an increase in net profits for the seven mines to R218.98m (£91.2m) for the quarter against R214.38m last time, despite a slight reduction in total gold output to 33,524 kg as a result of a lower average gold grade.

The latest quarterly net profits are compared in the following table.

	Mar qtr R000	Dec qtr R000	Sept qtr R000
Deelkraal	15,552	13,039	10,961
Doornfontein	15,497	17,125	16,097
Driefontein	111,154	109,726	93,979
Kloof	57,579	56,786	46,586
Libanon	12,616	12,030	9,535
Venterspost	5,799	4,774	3,325
Vlakfontein	785	940	786

A disappointment comes from Doornfontein which raised its operating profits but succumbed to a sharply increased tax charge partly as a result of a fall in the tax-offsetting capital expenditure.

Tax charges, where applicable, for the group's mines allow for the increases announced in last month's budget and those for the previous quarter have been adjusted accordingly.

The young Deelkraal has made further good progress with higher profits reflecting increased production coupled with a loss of profits' insurance payment following the previous quarter's underground fire. An insurance payment has also been received by Venterspost, but the increased profits have been largely offset by higher tax.

Kloof has achieved a notable reduction in costs while Libanon has received a higher-than-average gold price in the quarter.

Because of lower average gold grades the big Driefontein Consolidated has earned less at the operating level but the combination of higher non-mining income and reduced tax has left a modestly increased net profit.

Aluminium markets still 'in the doldrums'

WHILE markets for many other metals have been looking up, that for aluminium remains in the doldrums. Mr J. T. Ralph, chairman of Comalco, Australia's biggest aluminium complex which is part of the Rio Tinto-Zinc group, warns in the annual report that excess capacity in bauxite ore and alumina "will persist beyond the end of the decade."

He expects the average growth in demand for aluminium over the next 10 years to be very low, significantly less than 2 per cent a year compared with an average annual growth of 4.3 per cent in the 1970s and 9 per cent in the 1960s. So he thinks it unlikely that any new smelting capacity beyond that already committed will be needed before 1990 or even later.

Factors in the slowing of previously expected growth in production and demand include technological advances which reduce the amount of the metal needed in many applications and competition for other materials such as plastics and carbon fibres. Furthermore, the high energy cost of new aluminium production has made recycled metal more attractive.

Because aluminium prices are likely to remain well below the levels required for the minumum return needed on investment in new capacity, or to allow existing high-cost capacity to operate at a profit, Mr Ralph says that only existing low-cost producers can expect to generate acceptable earnings over the next decade.

Not surprisingly, he makes the point that Comalco is well-placed in this respect, "because its recent steps have enhanced its position in the industry and its operations are modern, world-scale and operate at the lower end of the cost curve."

Even so, the group, with 90 per cent of its debt in U.S. dollars, felt the pinch during the second half of last year. After earning A$25.2m (£13.7m) in the first half, Comalco ended the year with A$20.4m, against an adjusted A$19.7m in 1983, but raised its dividend by 1 cent to 4 cents.

MINING NEWS IN BRIEF

The rights offer to Gencor shareholders of shares in the South African Beatrix Mines' gold flotation has been 98.4 per cent taken up. The remainder will be held by Gencor as underwriter. Beatrix share certificates will be posted by next Wednesday.

* * *

Chevaning Mining and Exploration of New York has formed a partnership with the Government of Guinea to continue gold exploration and mining over a 38,000 square kilometre concession in the country.

* * *

In the Golden Dumps group, increased production and reduced costs are reflected in Consolidated Modderfontein's higher March quarter net profit of R11.9m, compared with R9.8m in the previous three months. South Roodepoort, however, reports a lower profit of R26m against R3.3m as a result of lower production.

* * *

If Cominco decides this year to go ahead with its big Red Dog zinc-lead-silver mine in northwest Alaska, above the Arctic Circle, engineering work in 1985 would allow a start-up by 1989.

The open-pit prospect holds an estimated 77m tonnes of ore grading 17.1 per cent zinc, 5 per cent lead and 82 grammes per tonne silver.

Development work on the group's Hellyer high grade zinc-lead-silver-gold deposit in Tasmania is to begin this year.

COMPANY NEWS IN BRIEF

Cosalt of Grimsby has acquired the fixed assets, essential stock and goodwill of three businesses at present operating within the mechanical handling division of Wheway Watson Holdings.

Subject to final stock figure, the consideration will be in the region of £250,000, representing the approximate book value of the assets.

The businesses involved are Pennine Lifting Services of Morley, Leeds, Southern Lifting Ser- their existing managements and as going concerns and no redundancies are envisaged.

* * *

Kuwait Investment Office has increased its holding in Prince of Wales Hotels from 625,000 to 2.43m ordinary shares, which have been registered in the name of NBK (London) Nominees.

* * *

Scottish & Newcastle Breweries has purchased a further 50,000 ordinary shares in Matthew Brown at 438½p per share, and a further 40,000 ordinary at 432p per share. Following these purchases S & N holds 3.35m ordinary (14.8 per cent).

* * *

Australian Consolidated Minerals has doubled ore reserves at its Westonia gold prospect in Western Australia. They are now put at 1.9m tonnes grading an average 3.5 grammes gold per tonne.

GOPENG BERHAD

(Incorporated in Malaysia)

Notice is hereby given that the first Annual General Meeting of the Company will be held at the registered office of the Company, 2nd floor Kaying Association Building, 114 Jln Sultan Yussuf, Ipoh on Wednesday 24th of April 1985 at 11.30am for the following purposes:

To consider, and if thought fit, pass the following resolutions:

1... 'That the accounts for the period ended 31st December 1984 together with the Annexed Reports of the Directors and Auditors be and are hereby received and adopted.'

2... 'That Encik Mohamed Hamdan bin Hazizi who retires in accordance with the Company's Articles of Association be and is hereby re-elected a Director of the Company.'

3... 'That Mr J D Hellings who retires in accordance with Section 129 of the Companies Act 1965, be and is hereby reappointed a Director of the Company to hold office until the next Annual General Meeting.

4... 'That Mr C W Tresise who retires in accordance with Section 129 of the Companies Act 1965, be and is hereby re-elected as a Director of the Company.'

5... 'That Encik Abdullah bin Yusof who retires in accordance with the Company's Articles of Association be and is hereby re-elected a Director of the Company.'

6... 'That Mr W S W Davidson who retires in accordance with the Company's Articles of Association be and is hereby re-elected a Director of the Company.'

7... 'That pursuant to Article 86 of the Company's Articles of Association, the amount payable to the Directors out of the funds of the Company in respect of the period ended 31st December 1984 and every succeeding financial year until otherwise determined by the Company in General Meeting by way of remuneration for their services, be and is hereby determined as a sum not exceeding M$20,000 to the Chairman and M$10,000 to each of the other Directors.'

8... 'That Messrs. Peat, Marwick, Mitchell & Co, Kuala Lumpur and Desa Megat & Co, Ipoh, who are eligible and have given their consent for re-appointment be and are hereby appointed the Company's Auditors for the period until the conclusion of the next Annual General Meeting and that the remuneration to be paid to them be fixed by the Board.'

By Order of the Board
Abdullah bin Yusof
Liew Thong Sin
Joint Secretaries

Ipoh, 10th April, 1985

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. Under Section 149 (1) (B) of the Companies Act 1965 a proxy need not be a member of the Company, but if not a member of the Company, he must be a qualified Legal Practitioner, an approved Company Auditor or a person approved by the Registrar of Companies in the particular case.

BANK RETURN

BANKING DEPARTMENT

	Wednesday April 10 1985	Increase (+) or Decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	3,920,395,689	— 688,196,487
Bankers Deposits	674 898,998	— 137,252,738
Reserve and other Accounts	1,534,617,912	— 60,955,275
	6,144,465,599	— 886,404,500
ASSETS		
Government Securities	676,697,230	+ 58,802,517
Advance & other Accounts	754,138,689	— 29,199,116
Premises Equipment & other Secs.	4,702,913,308	— 916,762,823
Notes	10,492,426	+ 752,258
Coin	226,946	+ 2,664
	6,144,465,599	— 886,404,500

ISSUE DEPARTMENT

LIABILITIES	£	£
Notes in circulation	12,549 507,574	+ 29,247,742
Notes in Banking Department	10,492,426	+ 752,258
	12,560 000.000	+ 30,000,000
ASSETS		
Government Dept	11,015,100	—
Other Government Securities	2,360,751,588	— 50,651,321
Other Securities	10,188,233,312	+ 80,651,321
	12,560,000,000	+ 30,000,000

Series 025

U.S.$28,000,000

Short-term Guaranteed Notes issued in Series under a US$280,000,000 Note Purchase Facility

by

Mount Isa Mines (Coal Finance) Limited

Notice is hereby given that the above Series of Notes issued under a Production Loan and Credit Agreement dated 30th March, 1983, carry an Interest Rate of 9⅛% per annum. The Issue Date of the above Series of Notes is 12th April, 1985, and the Maturity Date will be 15th October, 1985. The Euro-clear reference number for this Series is 12138 and the CEDEL reference number is 577065.

Manufacturers Hanover Limited
Issue Agent

12th April, 1985

Notice to Bondholders of non-Swiss bond issues, for which Citibank N.A. branches in Switzerland are designated Co-Paying agents. Effective immediately, Citicorp Bank (Switzerland) will assume the role of the Co-Paying agent and all requests for payments under these Bonds should be addressed to.

Citicorp Bank (Switzerland)
Reitergasse 9–11
8004 Zürich
Attn.: Securities Processing

or to any other offices of Citicorp Bank (Switzerland).

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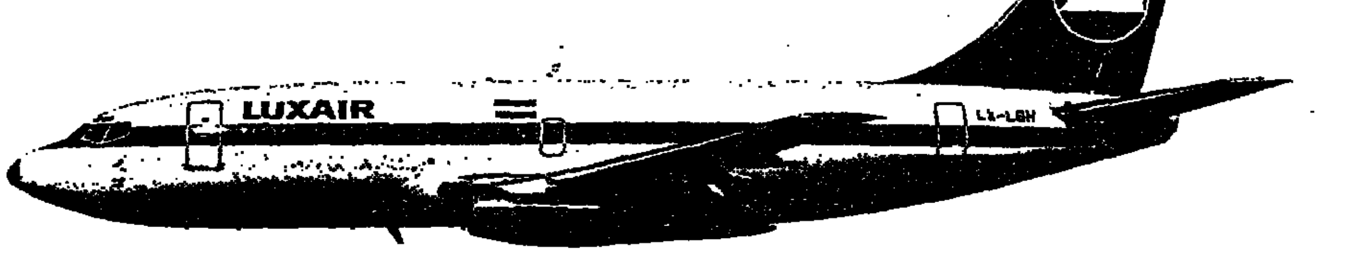

Timetable		
To Luxembourg	Departure	Arrival
Daily, except sunday	08.20	10.25
Daily, except saturday	20.50	22.55
To London	Departure	Arrival
Daily, except sunday	07.15	07.25
Daily, except saturday	19.45	20.00

All times are local times.

Round Trip Fares	
New: Super Pex	73,- £
Pex	120,- £
Eurobudget	150,- £
Club / Economy	184,- £

Enjoy our excellent inflight service: breakfast, meal, drinks and newspapers offered free of charge.

Timetables and Tariffs Subject to governmental approval.

LUXAIR

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FINANCIAL TIMES SURVEY
Friday April 12 1985

International Construction

Intense competition is developing among companies struggling to overcome the decline in work because of cuts in spending by oil countries, the Third world and at home.

Industry hunts for new fields

By Joan Gray
Construction Correspondent

COMPETITION HAS become much fiercer for the world's big international construction groups. A larger number of contractors are chasing fewer projects and for lower prices. In short, as Mr Michael Morgan, a director of Kier International, one of the British contenders on the world market points out, "the mega-million-pound jobs are not around any more."

Behind the shrinking workloads experienced by most of the big groups in recent years are three main factors.

● Previously oil-rich countries have less money for new civil engineering projects, and in former high-spending countries such as Saudi Arabia the infrastructure is nearly complete. The continuing war between Iraq and Iran, previously major construction markets, is also making conditions difficult for contractors accustomed to heavy workloads in the Middle East.

The result has been what Mr Francis Bouyges, chairman of Bouyges, France's largest construction company, describes as a "sharp, sudden and brutal" downturn in work in the Middle East.

● Second, many developing countries where much work still needs to be done can not afford to pay for it.

● Third, competition for the reduced work is increasing as more new contractors enter the international market. The oil countries such as Saudi Arabia, and African countries are developing their own construction industries, and the big Far Eastern groups have become active overseas because of the need to find new export earnings. All are able to do the more basic civil engineering projects themselves, and with lower labour costs than the more mature contractors.

Complain

The general air of gloom is not restricted to the more mature companies such as West Germany's Philip Holzmann, France's Dumez and Spie Batignolles, Italy's Impresit, or Britain's George Wimpey.

All the international contractors are affected by a market in which — as an indication of the general downturn — the value of foreign work won by the top 250 international companies fell by 24 per cent to \$93.6bn in 1983. This accelerated a decline that began with a fall of nearly 9 per cent in 1982.

The mature contractors complain about declining workloads—particularly in African and Middle Eastern markets—and increased competition from newer contractors such as the Koreans, Japanese and Taiwanese. But these companies have problems too.

The Korean contractors, with their limited ability to put together increasingly necessary financial packages to back projects, are suffering from the end of the oil boom and consequent shortage of big cash projects. Many smaller Korean contractors over-extended by underbidding and overborrowing to get major projects. They accumulated losses of \$3bn on overseas projects and have had to be bailed out by their Government.

The major Korean contractors such as Dong Ah, Hyundai, Daewoo and Daelim still feature prominently on the list of the world's top construction companies. But they face problems in the changed construction market.

The labour-intensive work in which the Koreans specialised now looks more likely to go to Turkish and Indian contractors with their lower labour costs. The Koreans also cannot match the Japanese companies' ability to provide cheap and creative finance.

As well as being priced out of many of the infrastructure projects, some Korean contractors lack the expertise to compete for projects requiring high technology or sophisticated management skills. This technology gap is one which the Koreans are trying to close.

Other contractors look enviously at the Japanese, who have 34 companies in the top 250, for their ability to provide financial backing.

Mr Peter McGregor, director of Britain's Export Group for the Constructional Industries, said: "Being able to provide financial packages these days is as important as being able to do the work."

Technology

The Japanese are not only able to offer cheap credit, but are also skilled in arranging countertrade and barter deals with every kind of product and commodity. Mr Piero Genesio, marketing director of Italy's Sade Sadelmi, said with something approaching awe: "They even paid for one African project with counter-trade in cloves."

While less financially skilled companies look enviously at the Japanese, the Japanese companies themselves could suffer in future for their reluctance to transfer technology to newer companies in countries for which they are working.

U.S. companies still dominate the list of the world's top international contractors. Bechtel of San Francisco more than doubled its foreign work to win the top place for the third time in four years. Other U.S. contractors in the world's top five are Kellog Rust of Texas at number two, Parsons of California at number three, and Foster Wheeler of New Jersey at number five.

With the decline in African and Middle Eastern markets and a downturn in domestic workloads, many overseas contractors are now turning to the U.S.—which they see as a rich, expanding, stable and unrestricted market.

Japanese contractors such as Ohbayashi-Gumi, Kajima and Takenaka are hoping to expand their property development and construction interests there, while West Germany's Philipp Holzmann owes much of its health to its thriving U.S. activities. France's Bouyges and Britain's George Wimpey, Costain and Tarmac all aim to expand in the U.S.

This time last year, Indonesia and Malaysia were on the minds of every contractor looking for fresh markets. This year, the fashionable places are Hong Kong and mainland China.

Contractors already working there—such as France's Spie Batignolles which has built the Lioyang chemical complex—are seeking to expand involvement. Those which are not are trying to get involved and are setting up enterprises such as Costain's Hopewell-Costain joint venture with the Hong Kong company Hopewell.

Contractors trying to penetrate the Chinese market, however, should be warned. China is most interested in dealing with companies that come not just with skills but also with finance, and unless contractors come bearing cash they may have little hope.

Although the volume of work in the Middle East has shrunk by 35.5 per cent—down from \$51.2bn to \$33bn in 1983—this does not mean the market there no longer offers opportunities for international contractors.

"There is still a market but it is different from that of the boom years," said Mr Jacques Engelmann, Spie Batignolles international marketing manager.

Companies have to seize on smaller industrial projects and social developments such as housing or water supply, rather than the glamorous mega-projects of earlier years, he said.

The need to adapt to the changed market in the Middle East is also emphasised by Mr Frank Lampl, chief executive of the UK's Bovis International. He now concentrates on managing construction projects for local clients or less experienced local contractors.

"We don't try to compete on labour costs, but sell what we are good at, which is management," he said.

Although the infrastructure in Saudi Arabia may be largely complete, other Middle Eastern countries such as Oman—where the UK's Balfour Beatty has won a £70m road-building contract—still offer opportunities, particularly for British contractors.

In their search for new markets, the contractors are also diversifying into everything from the leisure industry, such as Bouyges' Latitudes holiday complex venture, to Britain's Henry Boot's Clapham Landscape gardening company in Hong Kong.

The contractors are also deepening their expertise. They are widening services to clients

This widening of skills is explained by M Jean-Francois Veryat, executive vice-president of sales of France's Societe Generale d'Enterprise (SGE), which is concentrating on hospital development.

"Building a hospital is only a moment in the process and we can even subcontract the building itself," he said. "If we want to be really competitive in the market we have to offer everything from designing the project to maintaining it once completed."

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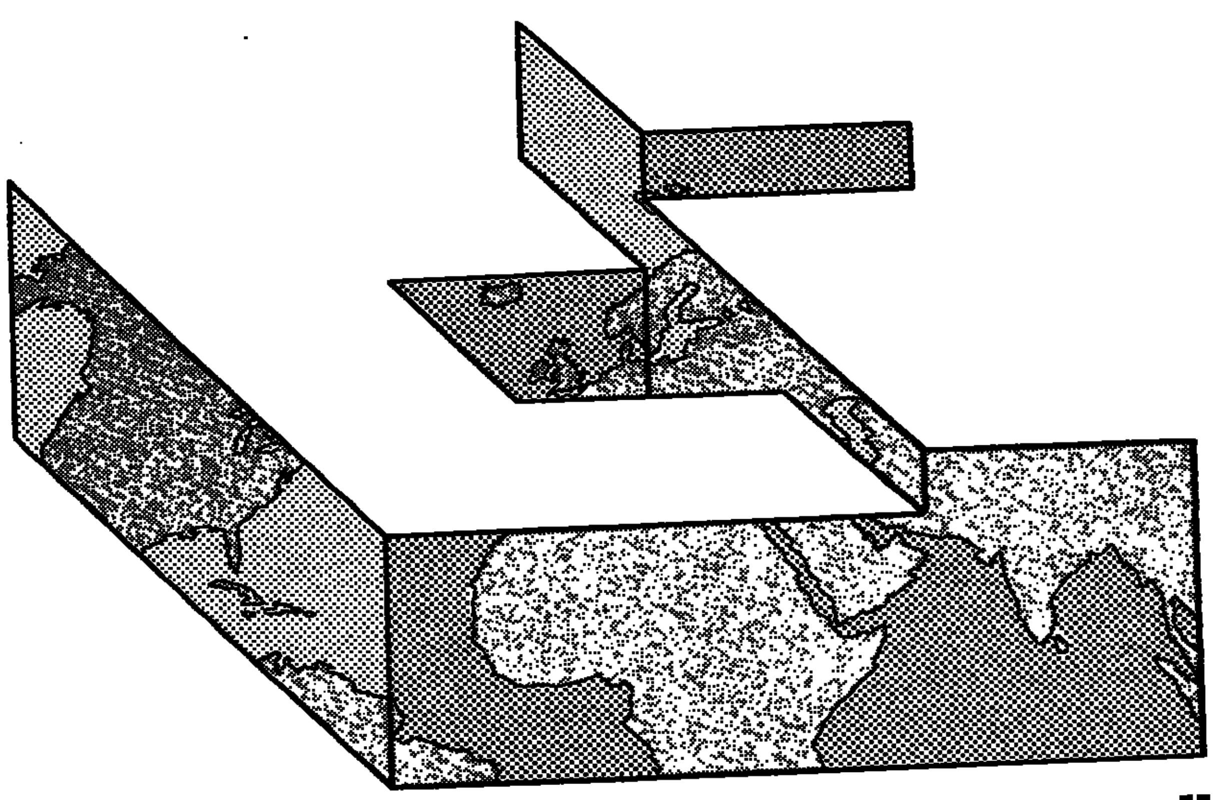

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Focus shifts as life gets tougher

Designers

ANDREW FISHER

THE WORLD'S army of engineering design and consultancy firms may not agree on much, but there are two things on which accord is likely: life is getting tougher and foreign work has shown a distinct shift to South-east Asia.

No longer is the Middle East, with its costly, ambitious and prolonged construction projects, the centre of attention and activity. Many schemes have been or are being finished, some have been put off, and the slack state of oil markets means there is less money to pay for such work.

Nearly half the billings of the top 200 design firms in the world comes from foreign work, says a survey by Engineering News-Record. Asia is the fastest growing market, though the more sedately paced Middle Eastern market is still ranked top in size.

Heading the list of world engineering consultants in the survey were three U.S. concerns: Louis Berger, Holmes & Narver and International Engineering. Canadian, Dutch, UK, Lebanese, Belgian and Norwegian made up the rest of the top 10.

Some groups active in Asia find the growing volume of business brings its own problems. The area is much further away for most international firms—especially those in Europe. Distance, however, is not a problem for the Japanese, who have a much greater slice of business in Asia than in other locations.

UK engineering consultants reckon their counterparts in Japan and several European countries receive far greater state help in winning contracts. By helping consultants, these countries aim to boost their contractors' chances of landing work.

Another trend in many countries is the growth of local consultancy skills, which means the big international businesses have to be prepared to enter joint ventures on specific projects.

"We recognise there has got to be a transfer of technology," says Mr Peter Cox, senior partner of Rendel Palmer & Tritton. "But there is still a role for international firms bringing in wider and specialised expertise."

Rendel Palmer, a UK-based partnership which worked on the Thames Barrier project, sees Asia as a growth market. Its work there includes a $170m (£145m) port development in Surabaya and a big irrigation scheme in North Sumatra, both in Indonesia; roadworks in Hong Kong, Nepal and Bangladesh; port works in Pakistan; and cross-river transmission of electrical power (also in Bangladesh).

Other British groupings are also well entrenched in the Far East. Ove Arup is increasing its businesses in China and is involved with the costly new Hongkong and Shangai Bank building designed by Norman Foster in Hong Kong.

In Malaysia, Scott Wilson Kirkpatrick is associated with the nearly completed Kota Kinabula airport in East Malaysia and highway work in Papua New Guinea, as well as new towns in Hong Kong.

Emphasising the efforts needed to win new work in South-East Asia, Mr Stephen Cotterell, a partner in Scott Wilson, says: "I doubt whether the Far East has ever been as easy as the Middle East was when money was no object."

Middle East countries, with 1983 billings of $1.3bn out of a foreign total for the industry of $3.8bn (£2.6bn at end-1983 rates), have not been written off as a source of business. The Asian total for that year was $823m against $817m for Africa and $374m for Latin America. Asian business rose 12.3 per cent against 5.9 per cent for the Middle East and falls for both other regions.

Ove Arup are the engineering consultants for the new University of Qatar, while Scott Wilson is helping with studies on how to stabilise the shifting and earthquake-prone ground under the Saudi Arabian town of Jazan on the Red Sea. The latter firm is also working on a Moroccan land-use survey with the aid of satellites.

Consultancy firms are also engaged in big projects in Libya, which is seeking to boost its infrastructure and industrial status. Rendel Palmer is involved in a big petrochemical port and new town development at Ras Lanuf and in a major port extension at Benghazi.

It is finding that new marine work is harder to come by, as port projects are completed. The same is true of airports as Scott Wilson, a specialist in this field is finding out. Hence the drive towards more specialisation and attempts to help countries fulfil specific local needs rather than to overpower them with the latest technologies.

Where the local requirement is for high labour content, companies are working on schemes such as road maintenance. As in the UK and other developed countries, there is a strong need also for urban maintenance and inner city refurbishment. In addition, many big projects of past years have reached the stage where upkeep has become a problem.

Many countries in sore need of development simply cannot afford to pay for it, though much international consultancy work is already funded through foreign aid.

"A big problem in third world countries, is that they haven't got the money for projects," says Mr Jack Zunz, co-chairman of the Ove Arup Partnership.

The objective with smaller, low-key and labour-intensive schemes is "to help people to help themselves." Overall, though, he reckons growth prospects for business in many areas are tending to diminish. Moreover, "competition is very fierce."

In spite of this, UK firms—Ove Arup and W. S. Atkins are the biggest—are still earning more from design and consultancy work. Last year, according to the Association of Consulting Engineers, the industry's contribution to invisible exports was £577m, against £561m in 1983. The capital cost of the overseas work they were involved in was £49.5m, slightly up on the previous year.

Increasing competition has meant a squeeze on fee charges and a much closer atention to costs. Consultancy companies are having to become far more commercially - minded. Small, more highly specialised firms are springing up. The big groups need to be increasingly fleet-footed.

World's leading designers

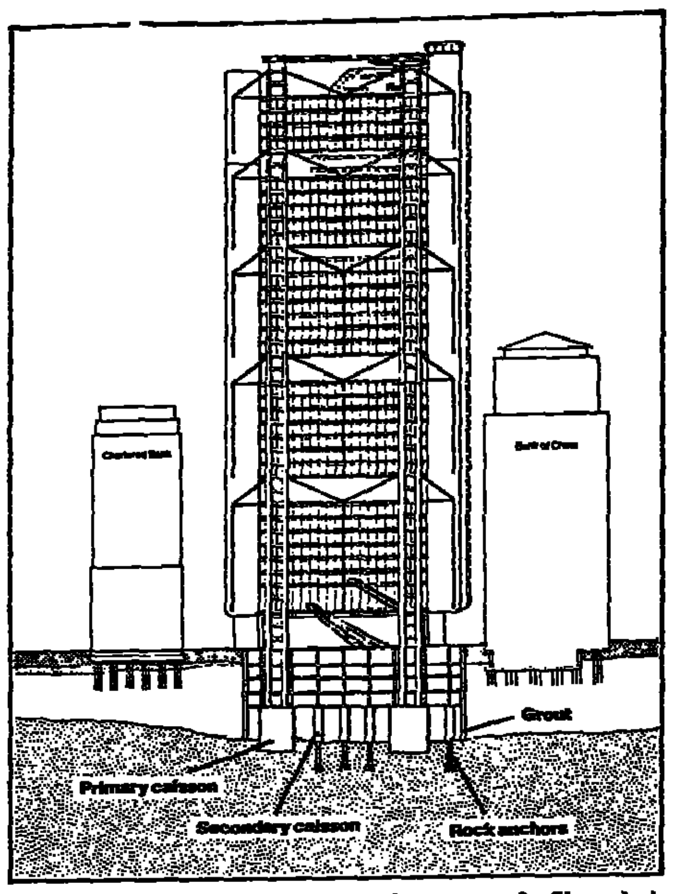
		Foreign work as % of total
1	Louis Berger Group (U.S.)	87
2	Holmes and Narver (U.S.)	50
3	International Engineering (U.S.)	75
4	Lavalin Group (Canada)	36
5	Dar Al-Handasah (Shair and Partners) (Lebanon)	97
6	NEDECO (Netherlands)	100
7	Ove Arup (UK)	66
8	Planning Research (U.S.)	37
9	Tractionel Electrobel (Belgium)	38
10	Norconsult (Norway)	44
11	Scott Wilson Kirkpatrick (UK)	73
12	CRS Sirrine (U.S.)	18
13	SNC Group (Canada)	39
14	Sir William Halcrow (UK)	80
15	SOFRESID (France)	68
16	Nippon Koel (Japan)	49
17	Daniel Mann Johnson and Mendenhall (U.S.)	38
18	NACO—Netherlands Airport (Netherlands)	100
19	Worley Engineering (U.S.)	99
20	BCEOM (France)	94
21	Jaako Poyry Oy (Finland)	90
22	Motor-Columbus (Switzerland)	86
23	Pacific Consultants (Japan)	49
24	Sir Alexander Gibb (UK)	93
25	SOGREAH-SOGELERG S. (France)	68

1-12: Foreign work worth more than $50m.
13-25: Foreign work worth $30m to $50m.
Source: Engineering News Record.

Designers' Share of Third World Markets (1983)

	Number of firms	Foreign business $m	Foreign business %	Middle East $m	Middle East %	Asia $m	Asia %	Africa $m	Africa %	Latin America $m	Latin America %
U.S.	66	1,204	31	542	40	217	26	124	15	165	44
Europe	100	1.982	51	600	44	434	52	543	66	132	35
(UK)	(26)	(592)	(15)	(201)	(15)	(200)	(24)	(153)	(18)	(21)	(6)
Canada	13	269	7	49	4	45	5	75	9	32	9
Japan	7	127	3	12	1	92	11	12	1.5	10	3
Other	14	267	7	138	10	34	4	62	7.5	33	9
Total	200	3,850		1,341		823		816		374	

Some figures rounded. Source: Engineering News Record.



The £550m headquarters of Hongkong & Shanghai Bank, an Ove Arup propect, showing foundation work needed for the Hong Kong waterfront location

OVE ARUP PARTNERSHIP

Prestige projects grab the attention

OVE ARUP Partnership, the UK's biggest engineering design and consultancy group, does not see itself as one big monolith, says Mr Jack Zunz, co-chairman. "There is a lot of decentralisation — highly motivated and qualified professional people do not want to be centrally directed."

Founded in 1946 by Sir Ove Arup, a Newcastle-born Dane now 90-years old, the partnership has a fee income of just over £60m a year and ranks seventh in the world on foreign billings. It has 45 offices in 22 countries and more than 3,000 staff.

About half its work is overseas and Arup, like many such groups, sees the Far East as one of the world's most promising areas. One of its projects is the 43-storey £550m headquarters of the Hongkong and Shanghai Bank on the colony's waterfront.

It has also had its fair share of other attention-grabbing prestige projects in the past, having been involed with such buildings as the Sydney Opera House and the Pompidou Centre in Paris.

Such projects, while welcome, are double-edged, reckons Mr Zunz, the partner involved in the Sydney contract. "The pluses outweigh the minuses but people forget that 90 per cent of our work is in bread-and-butter jobs."

From its Hong Kong springboard, Ove Arup has moved into China where its work includes hotels, a power station, and a highway. The group has focused its attention on the whole Pacific Basin, including Asia and Australia.

It has also ventured into the U.S. side of that basin by opening a San Francisco office, its first in the country, though it has worked there before.

"We shall play it by ear," says Mr Zunz. "We are putting a little toe in the water."

Mr Zunz agrees that competition is getting tougher as many big construction projects and notably in the Middle East, and world consultants crowd into other markets. Fees are squeezed and bids for work have to be keenly calculated.

Andrew Fisher

Travellers face culture shock

Employment

BOB CREW

WHEN IN-HOUSE recruitment and management development for international construction projects falls short, "head-hunting" takes over on the jobs market, according to Mr Patrick Pearson, the job offers manager at the UK's Binnie & Partners.

"We may have put a proposal in at a time when we could easily nominate staff but, because we may not get the contract signed until 2½ years later, the staff is no longer available."

Headhunting also comes into its own when secrecy surrounds politically sensitive contracts with foreign governments who do not want their intentions advertised through job ads. This particularly applies to military defence contracts.

In the water treatement and oil/pétroleum sectors, engineering geologists are always in short supply.

Mr Mike Jones, a headhunter with Eurosurvey in London, says: "One big oil company advertised for a year for a chief geologist in the Middle East and didn't get a single applicant, even though it was offering a tax-free salary of £35,000 a year. There is a shortage of top geologists who are already earning much bigger salaries mining diamonds, uranium, coal and so on."

Mr Jones says top management geologists and geophysicists in the oil industry can earn £30,000 to £50,000 a year in different parts of the world, while petroleum and other engineers lower down the ladder can take home more than £20,000 a year.

There are project management staffing problems worldwide, from South America (where Petrobas has been casting its net wide to find engineers for the expansion of its oil production programme) to China (where an expansionist programme is underway) and South Africa (where a desperate shortage of engineering management was exposed by that country's recent expansion of natural gas reserves).

It is not only technical people who are in demand. Mr Jones says there are jobs with salaries of £30,000 to £40,000 a year for those rare legal experts in consortium and commercial contracting.

With more international consortium deals and joint ventures between construction companies and foreign governments, international commercial law is becoming a mainline management activity in industries that suddenly find themselves desperately short of solicitors with sufficient commercial and/or management experience.

According to Mr Tony Langdon, of Eurosurvey: "Africa is taking over from the Middle East as a booming jobs market for international construction personnel."

Throughout Africa there is demand for technical expertise in industry, mining, coal, steel and civil engineering.

Finding staff with the right qualifications for overseas projects is one thing, but preparing them for "culture shock" in some of the remote-destinations and assessing their psychological capability for the environment is something else. According to Employment Conditions Abroad (ECA) in London, a clearing house of information on employment worldwide for 500 private company subscribers, 10 per cent of expatriate managers posted overseas on three to four-year contracts return home prematurely.

Most expatriate personnel going abroad to work on international construction projects do not spend a lifetime away from home. Both Binnie & Partners and Sir Alexander Gibb report that most are away for not more than two or three years and some for only four months.

So are they easily employable in their home countries when they return? Mr Jim Thornton, a director of Ashby & Horner in the UK (which operates in the Arab World as Baluch Ashby & Horner) thinks not.

He is not unsympathetic to the problems of returning expatriates, having returned to the UK in 1982 after working in Bahrain for six years.

"We believe that we have had a far broader experience at a much higher level than the colleagues to whom we have returned.

Move to Far East while business falls

Project Finance

FRANK GRAY

PROJECT FINANCE provided by the international lending community is being subjected to a severe reappraisal as banks and contractors bump into one another as they compete for a share of the shrinking world market.

Some encouragement is being derived from the 9 per cent rise in the volume of world trade last year, but this is being tempered by the continuing—and in some cases worsening—recession.

The growth of world trade in 1984 ended almost five years stagnation. But the General Agreement on Tariffs and Trade (Gatt), in its year-end report, disclosed other figures which bear heavily on the project market.

The once-secure bastion of project contracts, the Opec countries, suffered a 13 per cent decline in imports last year compared with a 1.5 per cent rise in exports (oil with which they would finance project development).

Apart from strong overall trade growth in the industrialised countries, only the South east Asian nations, where Western contractors are pinning their hopes for growth in project work, showed respectable trade growth. The region's exports rose 14.4 per cent against import growth of 9.1 per cent.

The overall downward adjustment in project business and its shift towards Asia was borne out by the British Overseas Trade Board. Last year, ECGD-backed buyer credit guarantees in support of capital goods exports and projects amounted to £3.2bn, down from £3.7bn the previous year.

"Competition for the more limited business available was intense," the board said. "To succeed, companies had to meet very tough prices, and in many countries 'soft' credit involving concessionary long-term loans at low rates of interest was the norm."

Reflecting the changed environment, major British capital equipment and project sales abroad last year were heavily cocentrated in Asia and Australasia with more than £1bn in sales in the region.

These ranged from £104m in telecommunications cable contracts won by STC in Australia, Singapore a nd Indonesia: £68m in train sets from Metro Cammell for the Hong Kong Mass Transit; signalling and trackwork for the Singapore Mass Rapid Transit worth £130m; a power plant worth £80m for Brunei and a blast furnace worth £38m for South Korea.

Viable

Much of the business came about due to the increased use of such techniques as countertrade. This included pure barter such as the swap of oil for British, French and U.S. aircraft and aero-engines by such countries as Abu Dhabi and Saudi Arabia.

To the anger of the U.S. the European trading nations, especially France, used mixed credits to support overseas projects as well. Although Britain has criticised the practice, is has also made clear that it must use the technique if it is to continue competing.

The BOTB reports that under terms of Britain's Aid and Trade Provision (ATP), some £221m in contracts with an ATP element were signed last year, up by 50 per cent over 1983.

Essentially, project financing is defined as financing an economic unit which is commercially viable and whose future cash flow is judged high enough to cover, with a safety margin, operating costs, debt servicing and an adequate return on investment.

Bankers point out, however, that the Third World debt crisis has put an end to the notion of non-recourse financing—that is projects in which the banker accepts all risks that may affect the cash flow. As an example, non-recourse project financing in Saudi Arabia is now a thing of the past.

Saudi vulnerability was in evidence in February when it announced the shelving of $2bn in refinery projects being undertaken by Bechtel, the U.S. construction and engineering company.

Bechtel, one of the largest companies of its type, provides a weathervane for what is happening in the project industry. Last year it cut its workforce by 9,000 to 30,000 and revenues fell by 39 per cent to $8.6bn.

Mr Lorenzo Weisman, president of the London operation of Dillon Read, the U.S. investment bank, says that there is a two-year backlog of project business, down from a seven-year backlog a few years ago.

Bankers' desire to help clients implement deals must be held in check until the closest scrutiny is undertaken on project implementation, and a full financing "cocktail" put together for a project sponsor.

Banks are increasingly being called on to provide services for contractors that go far beyond the guidelines for a given project, Mr Weisman said.

Increasingly, part of the finance cocktail is the capacity to offer some form of counter-purchase to offset the cost of the project.

Lloyds Bank International cites its experience in Latin America, where it has an extensive branch network. The bank is helping eight contractors from a multi-nation consortium bid for an airport tunnel contract in Medellin, Colombia. The bid calls for an element of countertrade. Without it, contractors might not be taken seriously, bank officials say.

"Increasingly, non-standard types of support is needed," says Mr Melville Haggard, Lloyds' project finance manager. "This kind of support also includes political clout, and the patience to hang in on a project for several years."

One pitfall, however, is the temptation for banks to move from the role of broker to that of principal in putting together a deal.

One procedure gaining cautious support from the financial community is World Bank co-financing. The bank launched the scheme, known as the B-loan programme, in 1983, to enhance the level of commercial bank lending for high-priority projects in developing countries.

The scheme is still in a pilot phase but offers substantial potential for expansion, according to Mr Harry Sasson, the co-financing adviser.

Since 1983 eight B-loan co-financings have been signed, three involving British banks—Lloyds, Midland and Standard Chartered. The Lloyds deal, in support of the Carajas iron ore project in Brazil was the first co-financing in a country whose debt was being rescheduled.

The bank argues that the attraction of co-financing is that it allows banks to increase their project finance exposure but with reduced risk because of the security of being involved with the World Bank.

Mr Barry Schofield, Midland Bank's prospect finance manager is enthusiastic about the potential offered by the scheme, especially given the dearth of big non-World Bank projects.

He points out that European and Japanese banks are keen to see more co-financing but notes that the U.S. banks are holding back because of their extensive exposure in the third-world debt crisis.

Critics argue that the extended maturities of World Bank finance, as well as the bank's "ponderous" bureaucracy are inhibitions to the banking community. Banks also want direct access to the borrower and fear that such access would be hampered by the World Bank.

A further concern is that World Bank co-financing limits the ability of banks to support their national contractors. "Tied" loans are not possible under co-financing but both banks and the World Bank are examining ways to see if some degree of tying can be created.

World Bank B-Loans

Borrower	Date	Lead banks	Amount
Thailand: Telecom. Org. of Thailand. Telecommunications III	1983	Mitsui Bank	$34m (Y8bn)
Hungary: National Bank of Hungary, Industrial Energy	1983	LTCB Japan, Fuji Bank	$48.3m (Y16.1bn)
Hungary: National Bank of Hungary, Grain Storage and Agric Mechanisation	1983	Arab Banking Corp. (ABC)	$200m
Brazil: Cia Vale do Rio Doce, Carajas Iron Ore Project	1984	Lloyds Bank Int.	$60m (in DM)
Paraguay: Fondo Ganadero, Livestock ?	*1984	Crédit Agricole	$15m
Colombia: Financiera Electrica Nacional (FEN), Power Development	1984	Midland Indl. Bank of Japan (IBJ)	up to $175m
Colombia: FEN, Power Development	1984	IBJ	$25m (Y5.5bn)
Hungary: National Bank of Hungary, Export Industries	1984	ABC, IBJ, Manufacturers Hanover, Stand. Chartered	$385m
Hungary: National Bank of Hungary, Petroleum Exploration	1984	IBJ and Dai-Ichi Kangyo	$102m (Y23bn)
TOTAL			$1,044.3m

* Approved, yet to be signed. Source: Devpmnt. Bank Assoc. Washington DC.

Four facts from Fosroc

Market leadership in construction chemicals

- Fosroc is an international group of companies with staff based in 26 countries with wide experience of many markets.
- Fosroc serves the construction industry through a worldwide supply network of 46 manufacturing plants in 22 countries.
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Diggers entrenched in painful shake-out

Equipment

IAN RODGER

THE LONG and painful shake-out in the deeply depressed world construction equipment industry continued in 1984 with no sign of the kind of substantial upturn that would bring an end to this process.

Caterpillar Tractor of the U.S., the industry leader, suffered a huge loss for the third year in a row, and embarked on a major programme of plant closures, mainly in the U.S. Two other leading producers, J. I. Case of the U.S. and Fiatallis of Italy, continued to lose money, while Deere of the U.S. and Komatsu of Japan made only modest profits.

Producers are looking for some volume upturn this year but expect the extremely competitive conditions of recent years to persist, with price discounting remaining substantial on most products.

It is also possible that this year will see increased political battles in the industry, following the successful pursuit by EEC excavator manufacturers of their Japanese competitors for dumping.

The most important recent structural change in the industry has been the creation in January of a joint venture by Volvo of Sweden and Clark Equipment of the U.S., bringing together their large construction equipment businesses.

The move creates a strong organisation in the second division of world construction equipment companies, with sales of about $800m last year. While still far behind Caterpillar ($6.6bn sales in 1984) and Komatsu ($2.3bn), it is close to Case (about $1bn) and Deere ($894m) and is comfortably ahead of Fiatallis ($582m).

The venture gets off to a promising start as both the Clark and Volvo construction equipment operations are profitable. The companies hope this will give them a better chance than the trans-Atlantic combinations made in the 1970s, involving Massey-Ferguson of Canada and Hanomag of West Germany, Case and Poclain of France and Fiat and Allis Chalmers of the U.S.

Volvo BM and Clark also complement each other reasonably well on products and markets. Volvo's equipment tends to be small to medium in size and is sold mainly in Europe. Clark's, which includes the Euclid line, is larger and strong mainly in North America. The venture is the world leader in off-highway dump trucks and the third largest maker of wheel loaders. It also makes wheeled dozers, log skidders and backhoe loaders.

The one large gap in its product line is a hydraulic excavator, and Clark and Volvo officials have been negotiating with several producers to try and line one up. The recent European Community anti-dumping charges against Japanese excavators may mean that a Japanese maker will be interested in doing a licensing deal with Clark-Volvo.

In any event, the venture is starting up at a difficult time. Construction equipment makers took hope last year when the North American market showed renewed life. But other markets have been slow to follow, and the deep slump that has troubled the industry since 1979 continues. According to one estimate, world demand for the main lines of earthmoving equipment was 44 per cent lower last year than in 1979.

Debt

The basic problem remains the lack of liquidity in the developing countries. They would like to be spending heavily on huge infrastructure projects such as dams, highways and urban developments that would create a demand for lots of construction equipment.

Heavy debt burdens and high interest rates prevents most from going ahead with plans. Caterpillar says that each 1 per cent rise in U.S. interest rates adds between $6bn and $8bn to the annual interest rate costs of the developing countries, taking away money that could be used for construction projects. Oil-producing countries, which have been major buyers of equipment, have stopped a lot of projects because of the fall in oil prices.

Cat's sales outside of the U.S. have been affected by the strength of the dollar as well as depressed markets, and slumped from $4.9bn in 1980 to $2.3bn last year. Over the same period sales in Africa and the Middle East have tumbled from $1.3bn to $691m and in Latin America from $879m to $391m.

Meanwhile, in the industrialised countries, demand varies considerably. The leading companies raised their North American sales last year by 30 per cent or more, but margins remained under severe pressure as price discounting remained high. In Europe, markets remained generally weak. Fiatallis released figures showing that its sales last year were down 20 per cent in Italy, down 14.7 per cent in France, down 3.2 per cent in West Germany and down 14.1 per cent in the UK.

In spite of the tough conditions, there has been little reduction of capacity in the industry. To the surprise of many observers, virtually all the subsidiaries of the West German IBH group, which went bankrupt in 1983, have survived. Only two former French operations, Derruppé and Pingon, have been liquidated; the rest were rescued.

However, the future of the largest of the former IBH subsidiaries, Terex, with operations in the U.S., Brazil and in Scotland, is still unclear. The Brazilian operation has carried on under local control since the IBH collapse, the U.S. one is under the supervision of a court under U.S. bankruptcy laws, and the Scottish company was bought by General Motors of the U.S., its former owner.

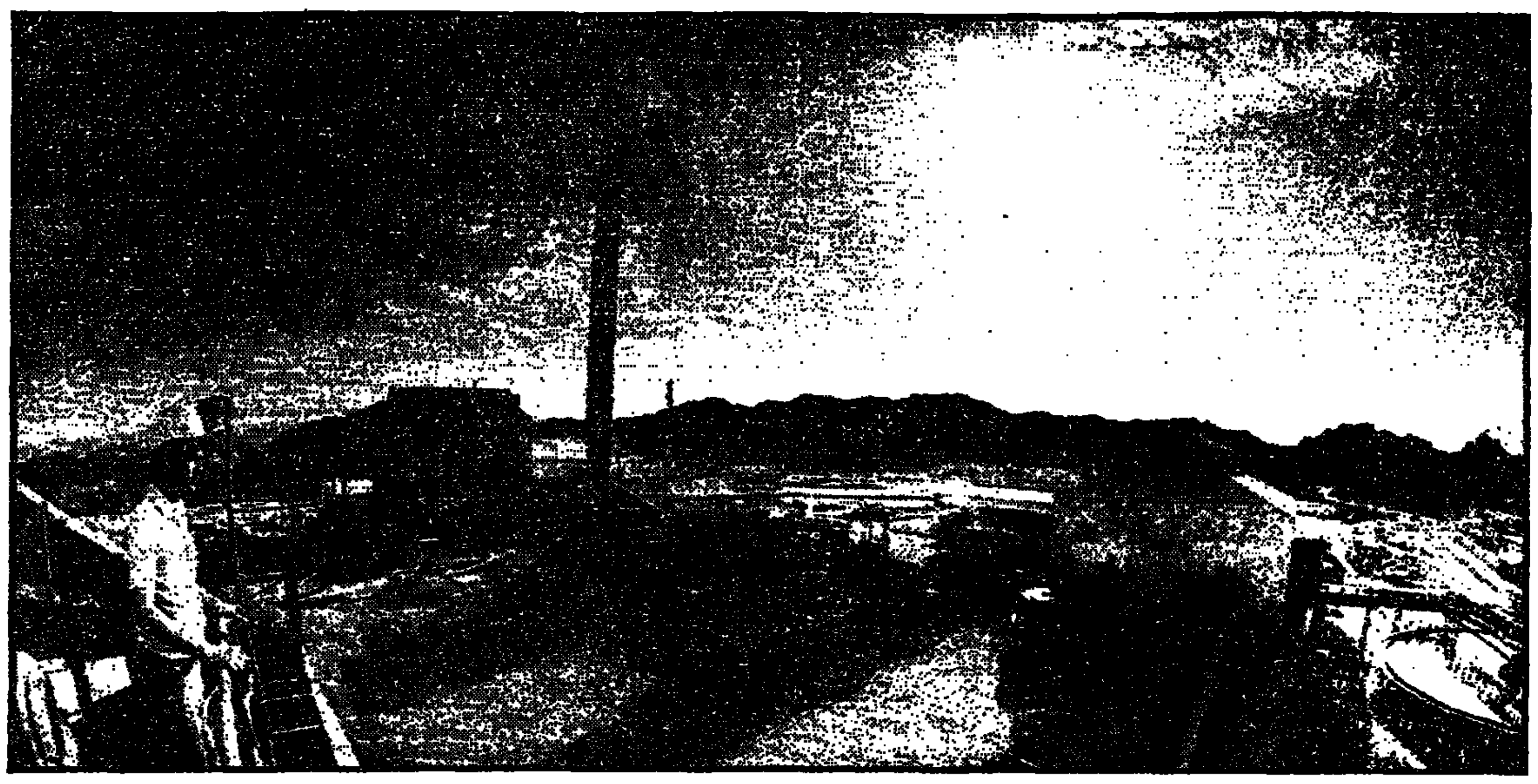
Terex UK has won substantial orders a nd rebuilt its workforce to more than 600.

Late last year, First Boston, the U.S. investment banking group, said it was attempting to put together a syndicate that would reunite the U.S. and Scottish companies and bring the U.S. operation out of bankruptcy, but it has not yet succeeded.

The other significant upheaval last year saw Coles Cranes of Britain taken over by Grove of the U.S. following the bankruptcy of Coles' parent, Acrow. Grove closed its factory at Oxford, concentrating production at Coles' Sunderland plant.

Another casualty of the Acrow failure was Priestman, the small excavator maker, but it was rescued by Sanderson Forklift, a private UK company that also rescued Winget, one of the IBH associates, last June.

Industry leaders expect there will be more rationalisation, but it will be slow and piecemeal. One of the more common trends is for companies to get new products made by other manufacturers rather than keep open or expand their own plants.



Costain Process Construction installed mechanical electrical and instrumentation services at Oman Mining's Sohar copper concentrator and smelter plants, while Yahya Costain dealt with civil and structural work

Joan Gray reports on contractors taking new initiatives to create work

Promotion needed to fight competition

UK companies

GEORGE WIMPEY is the only British building and civil engineering company to make it into the top 30 world contractors, with an international turnover of £650m out of a total group turnover of £1.48bn in 1983.

Even though the company's turnover has increased by nearly 50 per cent over five years, its profits have done nothing like so well, with a £45m pre-tax profit in 1983 following £45.7m in 1982 and £47.3m in 1979.

Mr Tommy Candlish, chairman of George Wimpey International, is expressing considerable misgivings over the prospects for the next two years.

"1985 should still maintain the same level of turnover as 1984, but 1986 is looking very difficult, as we should already be picking up next year's workload and at the moment we've only got half compared to the four-fifths we would expect. The indications for 1986 in our turnover are causing anxiety," he said.

Of George Wimpey's £650m international turnover in 1983, some £228m was in North America, £176m in the Near and Middle East, and £246m in Africa, the Carribbean and South America.

"We are looking for more work in the Far East, particularly in Indonesia, Malaysia and Hong Kong," said Mr Candlish. This is to compensate for the downturn he is predicting in the Middle East.

"Then we are moving to the home territory of our prime competitors, the Japanese and Koreans so we have to look where we have special advantages and can beat the competition on management skills."

Wimpey also has technical specialities it is promoting in its search for new markets. Following projects to build smelters in Dubai and Bahrain worth £716m and £54m respectively, the company is working on a study of the feasibility of building an £800m aluminium smelter in China with the French company Pechiney, and is negotiating a similar feasibility study for a $1bn smelter in Malaysia.

Another speciality is turnkey hospital projects. The company is working on a 500-bed hospital in Oman, and is looking for more projects with support from the UK Department of Health and Social Security.

Contractors are increasingly having to promote new projects themselves and take the initiative in creating work rather than waiting for requests.

"We are having to promote ourselves and then find credit and find investors, as a way of competing against other contractors when margins are thin," said Mr Candlish.

Wimpey aims to increase work in the U.S. They are in the queue with other British companies such as Tarmac, with its £66m investment in Florida's Lone Star Quarries, Costain (mining), French Kier (property development) and Balfour Beatty (railway engineering).

Mining

Wimpey's business in the U.S., involving housing, industrial and property development, has increased at a steady 10 to 15 per cent a year for three years —in the light of the downturn in less developed countries.

Costain, with a turnover of £723m last year, is also turning to the U.S. for growth. The company already has a profitable mining isubsidiary there and is thinking about what it might add to it, said Mr Terrel Wyatt, the chairman.

Following its diversification policy, Costain is unlikely to buy a U.S. civil engineering company, but might buy one specialising in areas such as non-destructive testing for oil pipelines, or move into house-building.

The company has made several diversification investments, including the tunnelling company Streeters of Godalming, electrical and instrumentation contractor Haigh and Ringrose, and offshore services company Land and Marine.

This is being coupled with the formation of local joint ventures such as Yah Yah Costain in Oman, Hopewell Costain in Hong Kong, and a jointly-owned company in Malaysia.

"After the downturn in the oil producing countries we have seen a reversion to a more normal competitive situation," said Mr Wyatt.

Frank Lipsius on a surging domestic market and restrictions abroad

Private sector fuels 20 per cent growth

The U.S.

IMPROVED results for 1984 cheered and surprised the U.S. construction industry without fully raising the gloom that settled in with the 1980s. According to government statistics, construction spending rose nearly 20 per cent last year, the largest increase in 35 years.

The private sector fuelled the growth with a $256bn construction surge, up 21 per cent from 1983. Government construction contributed another $56bn (up 10 per cent). There were spectacular advances in commercial development, notably shopping centres, which showed a 53 per cent improvement on 1983. Office building was up 27 per cent, churches and religious building 23 per cent and housing 21 per cent.

Industrial construction rose rose by only 12 per cent, a figure far in advance of inflation but still only catching up with 1970s levels.

Mr George Christie, the chief economist in McGraw-Hill's F. W. Dodge construction information unit, said: "The combination of retrenchment by the electric utility industry and budgetary restraint on public works spending by federal agencies has depressed heavy construction through most of the 1980s.

"Even an outstanding month like January barely exceeded the level of contract for non-building construction that prevailed before 1980."

The major companies show a sales fall of 6 per cent and an earnings decline of 26 per cent. Blount improved its sales by 9 per cent and its earnings by 32 per cent, but it is at the end of a contract in the Middle East, where the income is considerably larger than the prospects for future work.

Fluor sold its headquarters and leased it back in a cash-generating move. Signal's 202 per cent earnings rise on 7 per cent growth in sales reflects contracts in the aerospace industry rather than construction.

Bankers

The strong dollar curtailed U.S. construction companies' foreign profits as well as their ability to bid on new overseas work. They cannot follow U.S. industrialists like Chrysler abroad, even though well acquainted with overseas working.

Until recently, foreign work had grown to nearly half the industry's new projects. Companies had shown remarkable agility in running work abroad, often in collaboration with U.S. bankers. Bechtel, which gave up two of its top executives to the President's Cabinet (Schultz and Weinberger), had a reputation for inroads in to the Middle East.

Attention has shifted to Asia, which Mr William Beddow of the National Constructors Association calls the new Middle East. But the high value of the dollar makes U.S. bids too expensive.

Stymied at home and abroad, companies have found pockets of activity in government contract work and office building. But tax allowances may have encouraged serious overbuilding in offices, said Mr Christie. The market may already be on the slide.

Foreign investors have been active in the booming market for office and residential buildings, but foreign construction companies have few openings in the U.S. Access to markets is blocked by sometimes arcane regional regulations and the local labour markets that require specialised knowledge.

Several years ago, foreign construction companies bought their way in through ties to U.S. companies, like the British stake in what became Davy McKee Constructors. The British and European construction companies once willing to harness U.S. knowledge to foreign capital are now gone, however. The capital would probably still be welcome, but nobody is buying into the slump.

Housing construction has had a much healthier time. It did not suffer from currency exchange disadvantages and interest rates moved down, making houses more affordable following the 1981-82 recession. This has pushed new home sales to eight times their number five years ago.

Home builders are finding customers very price sensitive, according to Mr Jonathan Goldfarb of Merrill Lynch. "It is hard to raise prices to cover increased marketing costs. This has greatly restrained profitability."

The country's largest home-builder, U.S. Home, lost money in a year when it was forced to auction 109 homes in Houston. Prices of $40,000 to $150,000 were slashed to between $24,000 and $100,000. Pulte Home saw sales increase by 15 per cent while its profits declined by half. Sales by Pittsburgh-based Ryan Homes, which operates in 26 cities, fell 3 per cent to $578m and net income by 44 per cent to $12m.

The industry has turned cautiously optimistic with new home sales up 2.8 per cent in January. Kaufman & Broad, the largest home builder in California, expects 2,500 to be ready this year, a 25 per cent increase.

Optimism, which is inversely proportional to interest rates, is based on an expected downturn in mortgage costs. Some 40 per cent of mortgages now have variable rates, an idea less than 10 years old in the U.S.

More influential to lending policies than mortgage rates may be the financial troubles at U.S. savings and loan institutions, which could be making bankers more cautious. Even with lower rates, the banks are lending on a smaller percentage of a family's income. In high inflationary times, banks lent as much as 40 per cent of a family's income for a mortgage, but the rate now is getting moving down to as little as 28 per cent.

As if to draw the same veil of pessimism back over housing as suffered by industrial construction, the National Association of Homebuilders predicts a 12 per cent decline in housing starts for 1985.

New U.S. Construction ($bn)

	1981	1982	1983	1984	Jan '85*
Private	185.8	179.1	211.4	256.1	267.9
Housing	86.6	74.8	111.7	135.2	133.6
Commercl/Industri	51.3	54.6	48.7	63.7	75.2
Other	47.9	49.7	51.0	57.2	59.1
Public	53.3	51.0	50.8	55.8	57.0
Total	239.1	230.1	262.2	311.9	324.9
Contracts					
Value index (1977=100)†	112	111	137	149	153
Commercl/Industri space (m sq ft)	919	690	756	937	974

* Annual rate. † F. W. Dodge series.

Source: Dept of Commerce, F. W. Dodge

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Joan Gray looks at the state of Europe's main operators

Foreign work helps ease home gloom

West Germany

DECLINING business has hit West Germany's 60,000 construction companies. In spite of an upswing in the economy last year, domestic construction work fell by 6 per cent, according to Herr Claus Pfeiffer, company executive of Philipp Holzmann, the only West German representative in the world's top 25 companies in the sector.

"The value of new housing work fell by 20 per cent and that of industrial and commercial work by 6 per cent," he said.

Even though public sector construction spending increased slightly, it is still only two-thirds of the normal average of the last few years.

Holzmann's rivals—*Bilfinger* und Berger, Hochtief, and Dycherhoff und Widmann—are under the same strain, with the industry suffering the lowest backlog of orders for 25 years.

"The industry's backlog of domestic orders at the end of 1984 was only 1.7 months' business in hand compared to 2.3 months at the end of 1983," Herr Pfeiffer said.

The picture for the overseas workload is little more encouraging.

Competition

West German construction companies won overseas contracts worth DM 4.3bn in 1984 compared to DM 3.6bn in 1983, but this compares to DM 8.3bn in 1982, DM 12.3bn in 1981, and an average of about DM 10bn a year for the previous years.

In common with other mature European construction companies, Holzmann attributes its problems largely to the cut in demand from Opec countries and increased competition from low-wage contractors such as the Turkish and Korean companies.

Holzmann's group turnover was DM 8.1bn in 1984, up 3.5 per cent on the DM 7.8bn of 1983. International orders accounted for DM 5.5bn in 1984 compared to DM 5.4bn in 1983, most of the increase coming from Holzmann's U.S. activities. Profits fell to DM 49.6m in 1983, from DM 56m in 1982.

"Profits in construction are always very late out of the machine because you need years to carry out the work and years to hold guarantees," Mr Pfeiffer said.

"We have something in the sack for the future because of our large business in the years before, but margins in construction are now very small."

Mr Hermann Becker, senior member of the board of directors, explained that the company is looking for business in sectors which require more *technical expertise, planning* and project management skills, as well as seeking new markets.

"Besides our normal construction business, we are trying to penetrate markets as designers, construction advisers and contract managers, and trying to get a bigger share in industry turnkey business," he said.

Holzmann also assists less developed local contractors in all phases of contracts from logistics and purchasing to engineering, technology, and advice on organising work in progress.

"Just pouring concrete and bending iron is something the local contractors can easily do, and it's the more sophisticated contracts we are after," Mr Becker said.

The company is also extending its activities under its "base support" programme, which offers operation and maintenance services after a project *is completed.*

Holzmann's investments in the U.S. started with the $75m purchase of the J. A. Jones construction company in 1979 and continued with the $26m takeover of Lockwood Greene engineers in 1981.

Partly because of the strength of the dollar, work in the U.S. now accounts for 35.5 per cent of Holzmann's business, with the remainder split equally between domestic and other international contracts.

"We have tried to follow the high technology industry in the U.S., creating a special expertise in designing and building clean rooms and factories for electronic chip production," Mr Becker said.

Following a 50 per cent reduction in Middle East contracts, *Holzmann is also looking* for new countries to work in, particularly China. "But there is fierce competition because everybody is trying to spread," *Mr Becker said.*

Holzmann has already worked with Chinese contractors on contracts worth a total of DM 90m — all outside China *so far — including building a* barrage dam across the River Euphrates. This has given experience of working with Chinese companies.

Mr Becker is hoping for more work in China itself, particularly in assisting Chinese contractors with designing and managing contracts.

World's leading contractors

		1983 contracts ($bn) Foreign	Total
1	Bechtel Group (U.S.)	7.884	13.810
2	Kellogg Rust (U.S.)	5.000	8.500
3	Parsons Corporation (U.S.)	4.160	6.627
4	Dong-Ah (Korea)	3.611	3.844
5	Foster Wheeler (U.S.)	2.103	2.980
6	Davy Corporation (UK)	2.036	2.178
7	SADELMI COGEPI (Italy)	2.003	2.021
8	Philipp Holzmann (West Germany)	1.755	3.657
9	Lummus Crest (U.S.)	1.720	2.460
10	IMPRESIT (Italy)	1.652	1.805
11	Enka Construction (Turkey)	1.595	1.869
12	SAE—Societe Auxiliare d'Entreprises (France)	1.446	2.487
13	Hitachi Zosen (Japan)	1.351	1.801
14	Fluor (U.S.)	1.193	2.605
15	SCREG—Soc. Chimique Routiere (France)	1.119	2.559
16	Hyundai (Korea)	1.109	1.606
17	Bouygues (France)	1.100	2.320
18	Spie Batignolles (France)	1.092	1.825
19	Ballast-Nedam (Netherlands)	1.031	1.223
20	C. F. Braun (U.S.)	1.025	1.115
21	Chiyoda Chemical (Japan)	0.991	1.218
22	Snamprogetti (Italy)	0.950	1.550
23	George Wimpey (UK)	0.934	2.259
24	Daewoo Corporation (Korea)	0.891	1.266
25	DUMEZ (France)	0.878	0.983

Source: Engineering News Record.

Death of giants sparks crisis

Italy

THE PROBLEMS of the Italian construction industry are neatly *summed up by the managers of* Fiat's troubled construction subsidiary Impresit.

Mr Enzo Papi, director, says: "There is a real crisis because until 1983 we were able to get big contracts but now we can only get small jobs."

The value of Impresit's international contracts in 1984 dropped by almost 50 per cent to $860m compared with $1.65bn in 1983.

Mr Properzi Curti, managing director of the operating company Impresit Construzioni, said: "Because of financial problems in the countries we used to work for, there are no more huge civil engineering projects available."

Like other mature European contractors, Impresit is suffering from increased competition from contractors with lower labour costs, particularly Turkish and South Korean ones.

Impresit is searching for a way out of its difficulties through turnkey projects, and *more sophisticated* contracts in which management and technical skills are required. It is also hoped to expand involvement in China and the Far East.

Details of the company's new strategy are still being worked out, but Mr Papi said it will not be easy.

"*There is a deep and struc*tural crisis for the construction industry and we will not be able to solve our problems with an old-fashioned approach."

He likens the construction companies' usual approach to solving their problems by diversifying activities and markets *to* "escaping from a fire by everyone running over each other.

"This is not the right way to solve the problem."

Individual contractors cannot fight the industry's problems alone, as their difficulties are so closely tied in with level of aid to developing countries, and with helping them to find the resources to finance much-needed infrastructure projects, he said.

"The American are financing their future in Star Wars and they don't care what is happening in the Third World at the *moment.*

"We contractors need to work in the developing countries and we need a European initiative to help them finance their infrastructure."

The Sade Sadelmi group is also suffering from a drop in overseas contracting orders, from a total of *$3.2bn in* 1982 to $2bn in 1983. The company is trying to diversify into hospital building, and to raise the level of its technology. It aims to move from *being* primarily an erection and construction company to one with more specialist skills, by negotiating a technology transfer agreement with a company *such* as Fluor or Bechtel.

Dr Duilio Greppi, chairman of Snamprogetti

SNAMPROGETTI

An eagle soars over the mountains

WHILE OTHER companies bemoan falling workloads, Dr Duilio Greppi, the elegant *and ebullient chairman of* Italy's state-owned Snamprogetti, can effect an air of nonchalance.

Snamprogetti's turnover has been able to survive the shock of the oil price slump and recession in the Middle East because of its wide diversification. It covers everything from infrastructure projects such as harbours and airports to industrial plants and ecological studies, and from chemical complexes to developing new technologies for garbage disposal.

Activities cover all stages of projects from first feasi*bility studies to handing over* and operating complete plants. Dr Greppi emphasises that "construction for us is only a portion of our job, and we are not only contractors.

"Construction could be a difficult and dangerous and paramount part of the job if it was a big dam taking six or seven years to build, for example. But construction is a very limited part of our activity which we often subcontract to smaller companies.

"To compare us with other construction companies is like the difference between a chicken and an eagle. Both have wings but chickens do not fly over mountains."

Dr Greppi is rather contemptuous of some of his less diversified competitors, describing them as "just builders."

"We try to be always more advanced and not stay with our activities," he says. "Pure civil engineering does not pay any more because it has little added value and because everybody can do it.

"We couldn't make a living by just building. Our winning points are our technology and our ability to manage big and difficult projects."

Subsidiaries drag down sector leader

France

FRANCE'S construction industry is having a hard time. The number of construction companies which went out of business in the three months to January rose by 10.8 per cent over the same period in 1983/1984. The number of hours worked decreased by 14.5 per cent and the workforce fell by 7.6 per cent.

President Mitterrand likes spending on museums, arts centres and grand public gestures such as a giant cube at the end of the Champs Elysees to echo the Arc de Triomphe, but more mundane outgoings on civil engineering, housing and power projects have dropped.

The volume of work won by French contractors overseas has also fallen from FFr 55bn in 1983 to FFr 23bn in 1984.

The construction company which has shown the most dramatic drop in performance is Societe Generale d'Entreprises (SGE), 38 per cent owned by the nationalised St Gobain pipes, glass and engineering group.

SGE's losses for 1984 were about FFr 900m, following a deficit of FFr 484m in 1983. Turnover has dropped by 5.5 per cent to FFr 13.2bn, and the number of employees is being cut from 64,000 to 58,000.

These problems have been caused not so much by the difficulties affecting the construction industry as a whole as by an unwieldy internal structure resulting from years of acquisition, and serious underbidding by subsidiary companies without sufficient central supervision.

Most of the trouble was caused by two subsidiaries—Thinet, and Saimapt and Brice International (SBI). These managed to lose FFr 300m each on contracts worth that amount. Thinet's were on building training centres in Algeria and SBI's on hospitals in Saudi Arabia.

SGE is in the middle of a drastic reorganisation. "We have tried to make a clear shape to the group and restructure and clarify SGE as a construction company to make it easier to use and understand," explained executive vice-president of sales, Mr Jean-Francois Verjat.

The complicated growth of divisions and subsidiaries has been pruned and activities unrelated to construction, such as its share of the Doris offshore contracting business, have been sold.

SBI has become a subdivision of a small department, and 49 per cent has been sold to Saudi al Minarat, a Saudi Arabian company. SGE hopes the combination of an Arab partner and closer central supervision will make the subsidiary profitable.

SGE is also concentrating on developing expertise in such growth areas as hospital building, tunnelling, and water and waste treatment. It is developing its ability to organise financial packages for projects.

Another construction group, Spie Batignolles is a diversified contractor covering general management, electrical, pipework. Building and civil engineering are its weakest *divisions.*

Within Spie Batignolle's overall turnover of FFr 15.2bn in 1984 (FFr 14bn in 1983) civil engineering turnover fell to FFr 6bn *(FFr 6.4bn) while the* electrical and nuclear activities increased to FFr 7.7bn (FFr 6.5bn).

Unlike the diversified Spie, Dumez is heavily biased towards the traditional civil engineering activities of roads, dams, ports and houses. The company earned 88 per cent of its FFr 9.3bn turnover *in 1984* overseas, and is looking for diversification to help escape from its flat performance.

BOUYGES

Rolling with the punches

M FRANCIS BOUYGES is a thrusting entrepreneur who started his company, Bouyges, in 1952 and built it into France's leading con*struction business.*

He attracts epithets such as "red blooded" and "the glamour of capitalism," and delights in comparing his company's *performance with more* lacklustre competitors.

But even the indomitable Bouyges is suffering from the downturn in international construction. After turnover increased by 33 per cent from FFr 18.1bn in 1983 to FFr 24.1bn last year, a much smaller growth to FFr 25bn is predicted for 1985. Earnings are also expected to flatten after rising from FFr 332m in 1983 to FFr 400m in 1984.

"International construction is the sector in greatest difficulty, but it now only represents 22 per cent of our total turnover," said M Bouyges.

For a company which started as a builder, construction overall now accounts for 51 per cent of its turnover, compared to *the 69 per* cent of turnover in 1982.

"We thought five or six years ago that the rapid increase in international construction might not last for ever and started diversifying," said M Bouyges.

His attitude has been that it is better to "roll with the punches" and get away from the declining contracting market and diversify. He has succeeded, to the extent that property development activities related to the oil industry, engineering in the U.S., water supply and electrical works will account for 49 per cent of his turnover in 1985.

M Bouyges also wants to expand his activities in the U.S. by developing the engineering and architecture company, HDR, which he bought for $45.6m in 1983 and which had a turnover of fees worth $85m in 1984.

"For a time we thought we would develop HDR downstream by building projects HDR-designed," he said. "But now we think the greater potential lies upstream by expanding it to do turnkey operations and looking at the possibility of collaborating with clients providing financing packages for American projects, and expanding the real estate possibilities."

In January, Bouyges bought the oil services company Amrep which filed for bankruptcy last year and for which Bouyges agreed to pay FFr 160m. Amrep will give the company a presence in the North Sea market.

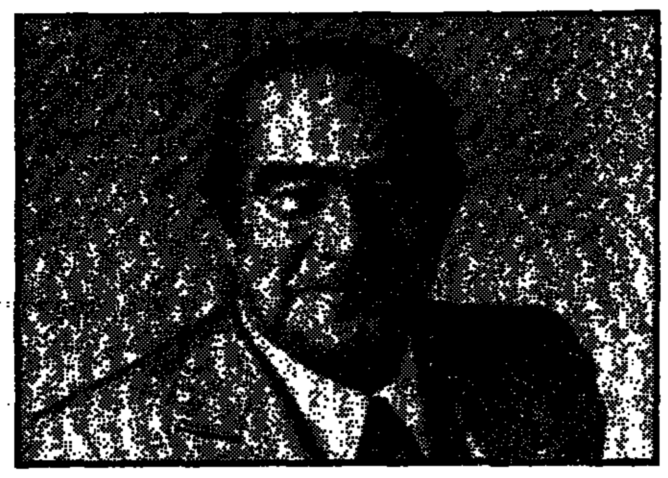
Bouyges has also set up a joint venture company, Latitudes, with the state-controlled communications and travel group Agence Havas to develop holiday complexes in France and overseas.

In a characteristically grand and confident gesture, Bouyges is planning a new "high tech chateau" style headquarters near Versailles, boasting a network of atria, sweeping silver and white wings, and extensive landscaped grounds.

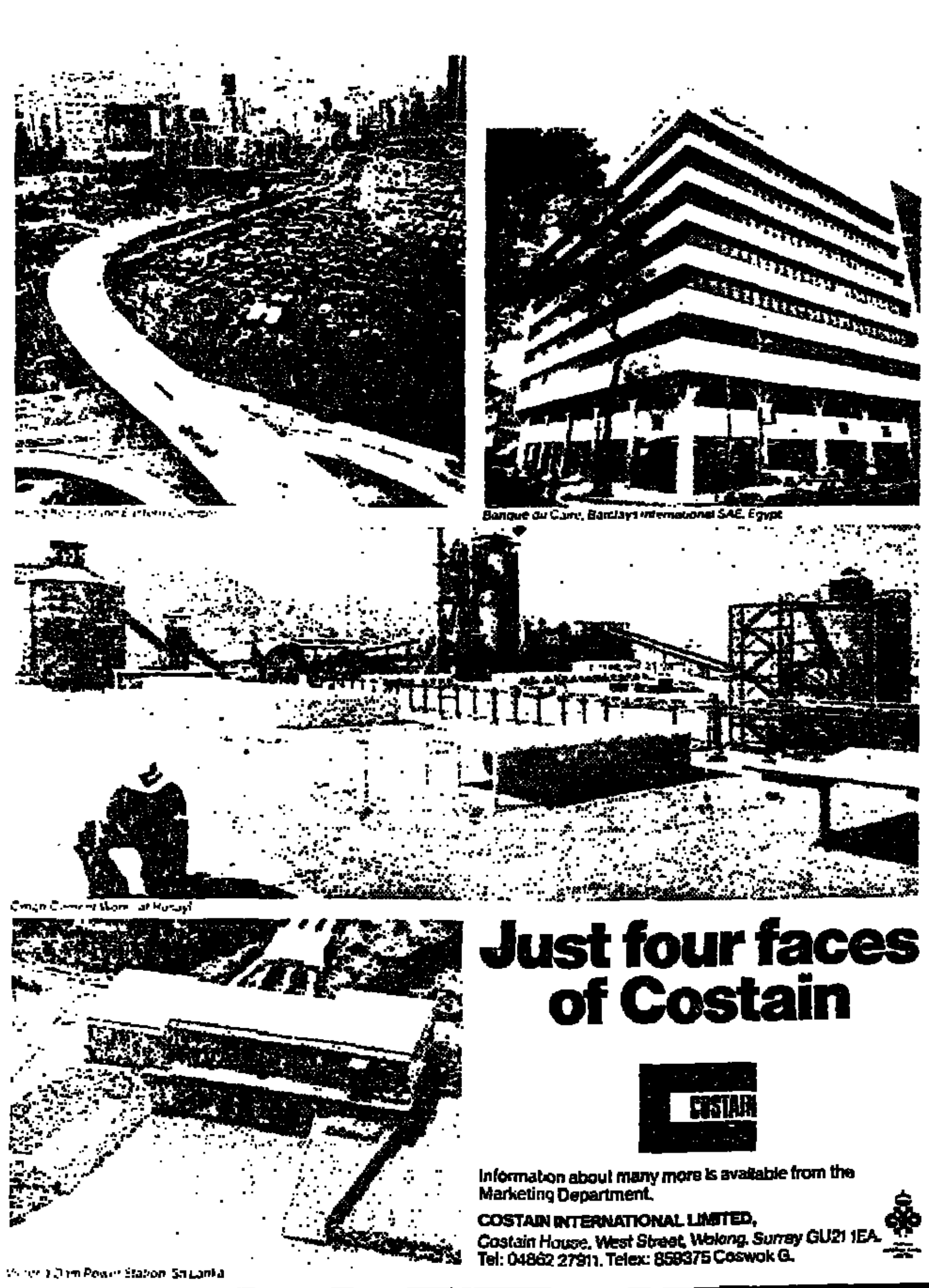
The move is planned for the end of 1987; but two vital questions still hang over the company's future.

The first is how successful will Bouyges be in managing its new and increasingly diversified activities; and the second is, with M Bouyges now in his 60s, who will succeed him?

He has three sons and his daughter working for his company, but it is not yet known whether his *successor will be* a young Bouyges or an outsider — or whether they will be able to follow in the founder's footsteps.



M Francis Bouyges: delights in comparing performance with competitors



Peter Blackburn examines Nigeria's cutbacks and **Jim Jones** looks at South African business

Ghost contractors vanish

Africa

CONTRACTORS have been squeezed by the cutback in Nigerian Government project spending since 1982. Much of the deadwood has been burned out, including many "ghost" contractors that drifted into the construction industry during the 1970s boom.

Companies have also been forced to reduce overheads by selling equipment and machinery. More than two-thirds of the workforce has been laid off in four years, and retrenchment is continuing.

Many expatriate managers have left and the Government's decision to have home remittance to 25 per cent of basic salaries will accelerate the departures, especially among young executives with children at school in the UK.

With no big construction projects planned this year, the 1985 budget offers little joy. "Times are tough and likely to get tougher" said Mr Emmanuel Olowo-Okere, president of the Federation of Building and Civil Engineers.

Priority in the 1985 budget has again been given to completing projects, according to Mr Onaolapo Soleye, the Finance Minister.

Top of the list is the Iwopin integrated paper mill being built by the UK's Costain with engineering provided by Stot*bert of Canada. The project* was started in 1978 and absorbed N300m before funds ran out. A further N63m is needed to meet the new target *date of early 1986.*

A newsprint paper mill being built in Calabar by France's Fougerolle with engineering by Parsons Whittemore Lyddon (UK) is due to be completed by mid-1985 and will ease a national shortage. Fougerolle *also expects to complete* the 540 Mw Jebba hydroelectric power scheme now extra financing has been arranged.

Another project which will *help reduce the country's power* problems is the Igbin power station near Lagos. The French contractors Bouyges expect the first of six 220 Mw units to be commissioned in May.

Work is continuing on the first phase of the $3.5bn petrochemicals programme, which despite some slippage is expected to be completed in 1986.

Two of Nigeria's biggest and most controversial projects—the new federal capital at Abuja and the Ajaokuta integrated steel project are being speeded up. But with austerity likely to continue for at least another three years, conditions will remain difficult for construction companies, with survival assured for only the leanest and fittest.

THE contrast between the South African construction sector's present state and its prospects is sharply etched. In 1984 activity in the civil engineering industry slumped to a five-year low and the outlook for 1985 even more bleak. By way of contrast, many big projects need to be started soon to deal with the pressing demographic and environmental *problems.*

Construction contracts that are available attract agressive tendering, creating increasing pressure on margins and tender prices which provide a contribution to overheads but no profit. Tendering is even more difficult for foreign companies or for contracts with large import content, because of exchange risks stemming from the weak rand.

The malaise springs from the worst recession since World War Two, with stringent measures to cut consumer spending aimed at curbing inflation. Interest rates are at record levels with the Bellwether prime overdraft lending rate at 25 per cent. Industry has responded by halting capital projects.

In previous recessions, state spending provided contra-cyclical help to the construction industry, but not this time. Escom, the state-owned electrical utility, has deferred or cancelled power station construction plans following a re-estimation of growth rates into the next century. The state-owned airline, railways and ports have reduced capital spending for fiscal 1985-86, and black public sector housing programmes people have been severely pruned.

Paradoxically, gold mines are in the throes of big spending programmes, even though the dollar price of gold has been in decline for five years. The rand's fall has lifted rand-denominated gold prices to record levels, which in turn has prompted expansion and development.

Though capital projects are being pushed onto the back burner, an early resumption of heavy spending on infrastructure seems inevitable. Housing *and transport need to be pro*vided for the growing black urban population, large-scale water development projects have to be implemented to cope with increasing demand from industry and private households.

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FT writers look at the potential and problems of the Far East for suppliers, designers and contractors

Hard bargains in the last great market

China

MIRA BAR-HILLEL

THERE IS an old Chinese saying that "no destruction means no construction." From this point of view, the bloody and disastrous cultural revolution which shook China between 1966 and 1976 may have had a silver lining.

According to Dr Y. W. Chan of the Chinese University of Hong Kong, China is now entering a new era which he calls "*the new cultural revolution of construction.*"

The country is the last remaining great potential market for construction. It is not, however, another Middle East, the previous great expansion area. The Chinese reputation for driving a hard bargain is nowhere more obvious than on their home ground.

But while insisting on value for money, the Chinese are making large amounts of money available for construction.

Priority

Latest available figures show that China's GNP was 1,105.2 billion yuan in 1983, a 10 per cent increase on 1982 and generally in line with the sixth *Five-Year Plan (1981-85). While* markets were brisk and living standards and production on the rise however, the official view was that the economy was held back by energy shortages, transportation difficulties and shortages of certain raw and processed materials.

These problems, added to the communist's devotion to major state projects, explain the priority now being given to the construction of roads and power stations at the expense, for *example, of housing.*

Investment in capital construction in 1983 was 55bn yuan, of which 12.7bn went into energy development (almost 20 per cent up on the previous year) and 7.8bn into transportation, post and telecommunications *(more than 25 per cent up* on the previous year). The losers were industry (including heavy manufacturing), commerce and foreign trade.

Social construction, including housing, schools, hospitals and other non-production projects, took 24.8bn yuan. Housing, with a 12.5bn yuan was down on the previous year.

These is no question of China needing foreign labour on its building sites in the way many Middle Eastern countries did, but it does need to import construction management expertise. More than a quarter of the projects in the state plan were not completed on schedule, and one-third of the additional productive capacity failed to fulfil the plan's expectations. Completion dates for construction were worse in 1983 than the year before, and as projects commonly exceed their budgets, the cost of building is rising.

This is happening at a time when China is encouraging open-door attitudes towards the West. Britain's quantity surveyors, cost control specialists and project management capabilities should be well placed. However, the general British attitude towards China has been, until recently, a frustration to Britons in Hong Kong and looking towards business with China.

Mr Bill Stones is a former top CEGB official who runs China Light and Power, one of the two power suppliers to Hong Kong, as well as chairing the Hong Kong Nuclear Investment Company. In the past five years his commitment to "buy British" has resulted in £1.1bn of orders from the UK for supplies associated with power station construction.

He is, however, angry and disappointed to see most of the *construction and all the civil* engineering work going to Japan because UK contractors have not shown enough interest.

The Americans and Japanese have made deep inroads into the Chinese construction market, taking a long-term view of *investment* and *establishing* bases in Hong Kong. Some British companies are now beginning to do this.

The largest Sino-American project in China is the HK$595m, 1,000-room Great Wall Hotel in Peking. Hotels are very important in China, which has no office property. Foreign companies wishing to establish offices in Peking have to rely on hotel accommodation.

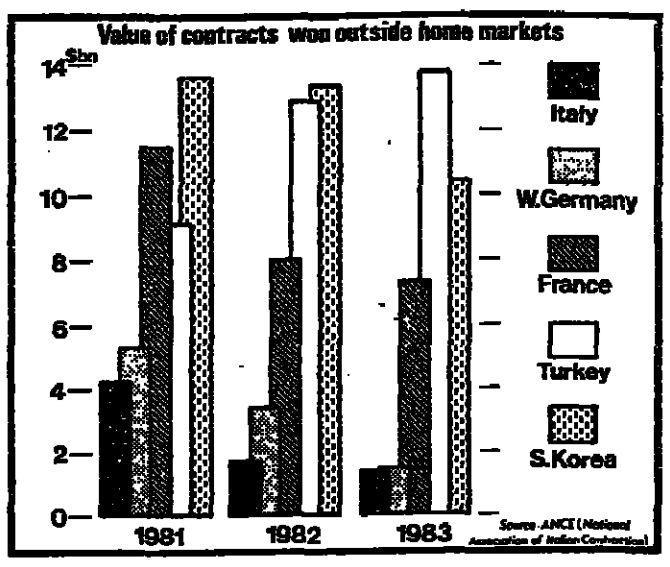
The Great Wall deal is that the U.S. partners own 49 per cent of the hotel for 10 years, *after which China will assume* full control.

In another project, the Jinglun Hotel, was designed by Canadians and built by one of China's *state firms*, Beijing (Peking) No 1 Construction and Engineering in a US$24.6m *deal. This is the kind of joint* venture the Chinese are keen to promote as it maximises foreign investment on terms advantageous to them.

With the intention of improving efficiency of construction projects in China, thereby attracting more foreign investment, GBC (China) was set up in 1981 as a subsidiary of Gammon Building Construction of Hong Kong to offer construction management services.

The company offers potential investor feasibility studies, project management and other services traditionally not obtainable in China. GBC's first project was a Pepsi Cola bottling plant in Shenzhen with waste water treatment and warehousing facilities. Using fast-track methods, previously unknown in China. The project was completed in six months.

GBC is now working as project manager on a 600-room hotel in Xian, an American-Swedish investment. For project management to be carried *out by someone other than* the contractor or client is a first for China and the local contractors are keen to learn the management techniques.



Gammon itself has been, since last year, 50 per cent owned by Cementation International, part of Trafalgar House of the UK. *Gammon is watching north* China, but its activities are targeted on the south, especially the four designated Special Economic Zones.

In joint venture with another contractor, Gammon is investigating a site for China's first *nuclear power plant,* at Daya Day. China is keen to set up a nuclear power network and is hoping that this one may generate up to 3m kw, with perhaps a dozen more stations over the next 15 years to bring total capacity to 10m kw.

Another field China is determined to become self-sufficient in is aluminium smelting. Its current requirement for 400,000 tonnes per annum is imported, but Wimpey engineering is involved in feasibility studies for the non-ferrous industry to provide a home industry.

Deals

Wimpey has also had a three-year involvement with the Chinese in off-shore trade. Again, emphasis is on teaching: Wimpey's input has been the development of codes of practice and standards for future use by the Chinese. Development of training programmes for some 100 off-shore trades is part of the contribution to what the Chinese call "technology transfer," involving upgrading their capabilities to match the best in the world.

Britain is continuing to court such vast potential markets. A UK trade mission, headed by Lord Young, went to China in February to seek deals worth *millions of pounds.* No construction industry representative was on the delegation but the industry has at least grown aware enough to notice the snub and complain.

Meanwhile, leading contractors have had senior managers *in China over the last few* weeks, some overlapping the official delegation. They are a sign that the industry recognises that China, while no soft touch, is a vital future market which the UK may be uniquely qualified to exploit.

Catching-up process will provide big business

WITH A quarter of the world's population, China in 1984 accounted for only 7.5 *per cent of world construction.* As it seeks to catch up, the market for both contractors and equipment suppliers promises to be enormous.

In 1984 construction was worth the equivalent of $85.3bn, according to a survey by *Plantecon* (Overseas) Research. It found the following sectoral breakdown in business.

	%
Housing—urban	31.7
—rural	40.8
Industrial	6
Infrastructure	14
Other	7.5
Total	100

China has the world's lowest ratio between construction volume and expenditure on equipment—only *1.5 per cent in 1984* when spending on equipment was $1.3bn. In spite of an average daily wage of about $1, the trend has to be towards mechanisation as greater speed and quality are required in increasingly complex and large projects.

In the past year some $500m was spent on earth-*moving equipment and cranes* with a further $800m on trucks—a total of 14,500 units. Only 14 per cent of the units were imported. Over the rest of this decade the demand for earthmoving equipment and cranes is expected to *double* in volume and treble in value with the proportion made at home rising to 93 per cent.

The Government aims for this expansion in local equipment made under licence. Last year 16 licences were granted for foreign companies to produce equipment in China. Many agreements were with Japanese companies, which provide the bulk of imported equipment.

Over the next five years, demand for earthmoving equipment is expected to rise from 12,426 units ($269m) to 20,725 units ($821m), and that for cranes from 2,095 ($100m) to 2,520 ($149m).

As China comes to the end of its sixth five-year plan, economic reforms have begun to accelerate. The total value of *foreign* capital contracts reached $4.8bn by the year end.

One of the main construction projects to take a step forward after long delays was the 240 km Shenzhen-Canton-Zhuhai highway. The road is China's first of its kind and is estimated to cost some U.S.$900m. A $57m contract for the first 30 km—from the Hong Kong border to Shenzhen—has been awarded to a joint-venture involving Mr Gordon Wu's Hopewell Holdings of Hong Kong and the Shenzhen Economic Development Zone.

Shortly before signing this contract, however, Hopewell signed a separate joint-venture deal with Kanematsu-Gosho, the Japanese trading group. Uncertainty remains about Hopewell's ability to finance the project (the company expects to be $1.3bn in debt by 1986 as its commitments to projects in China peak) or the willingness of Kanematsu to help out.

Terry Povey

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Government helps ease collapse

South Korea

TERRY POVEY

LAST SUMMER the Government in Seoul adopted a series of measures to try to help the construction industry (which contains some of the world's big overseas contractors) ride out the effects of the collapse in orders.

The Export-Import Bank provided up to $100m to assist borrowings and the ceiling on funds raised abroad has been increased to 50 per cent of outstanding contracts.

In addition, the proportion of non-Korean workers allowed on overseas projects has been raised to 30 per cent. Competition from contractors using cheap labour, particularly from Thailand and the Indian sub-continent, has been severe.

These actions were taken following 1984's worst first-half figures for new contracts for five years. Insolvency among some companies have also been a problem. Keang Nam Enterprises, which in 1983 won the second largest amount (after Hyundai) in new contracts with a US$650m order book, was placed under the guidance of the giant Daewoo group by the Government.

Although the move was supposed to be temporary, Keang's debts were so big, reaching $530m at the end of 1983 (of which almost 60 per cent fell due last year) that early unravelling of the arrangement seems unlikely.

Also last summer the Korean Government ordered local banks to reduce their lending exposure to the big five conglomerates — which includes Hyundai and Daewoo. Slightly later, the Samho construction group, with three projects worth a total of $630m, ran into liquidity problems and was pushed to the verge of bankruptcy. The company saved itself by selling most of its subsidiardes and investment property.

Similarly, Chinhung sold its headquarters and property when it was in a funds squeeze close to the year end. Others like Namkwang and Hanshin followed suit and there was even a suggestion that the latter might fall under the sway of Hyundai, much as Keang Nam had done to Daewoo.

Concentration has become very marked. Of the overseas contracts won in 1983, some 70 per cent went to five companies —Dong Ah, Hyundai ($8bn group sales in 1983), Daewoo ($5.8bn), Hanil and Keang Nam. Even more serious than the concentration at the Korean end of suppliers was the narrow market, with 90 per cent in the Middle East and $3bn in Libya alone.

In 1984 overseas construction contracts totalled $6.5bn, the lowest level for 4 years—$10.5bn in 1983, $13.4bn in 1982 and $13.7bn in 1981. Concentration on the Middle East has become more marked, taking more than 91 per cent of the 1984 total.

State sustains sector

Singapore

"THE Mass Rapid Transit system may not be carrying people around yet but it's already got the local construction industry as passengers." That was how one Singapore banker described the position in the island state.

With a glut of office space, over-supply of hotel rooms and privately owned apartments going at sharply reduced rents, it is the Government which is maintaining the sector's momentum by two large public works projects.

The first is the US$ 2.2bn MRT and the other a record 48,000 units of public housing. The plan is to have 80 per cent of the population living in public housing (a sell-off scheme has also been started) within a *couple of years.*

In the first half of 1984 the value of construction contracts awarded totalled S$4.48bn (US$ 2bn), down almost 15 per cent on the same period of 1983. The private sector was badly hit, declining 58.2 per cent to just over S$1bn. *State financed* works rose by 23 per cent to S$3.47bn.

The problems of the private sector began to bite in 1983 following the S$4bn peak the year before. It has had to live in the partial shadow of the Govern*ment for most of the past decade* (and not just in construction) never surpassing the state's total in any year.

The extent of the present imbalance is leading some to question how effective such pump-priming can be and for how long it can be continued.

On the MRT the contract awarded is now very advanced and the programme of works is being accelerated to take advantage of the lean times internationally in the industry. Thyssen of West Germany beat Vickers of the UK in a run-off for the railway depot contract and soon the winners of the £115m trackwork order should be known. Henry Boot International of the UK in a joint venture with Gammon of Hong Kong are well placed.

The MRT is expected to be finished by 1989 and is expected to come in under budget given the tough tendering.

Work should be completed on the airport project by the end of next year, leaving post-1986 as a bleak prospect for the construction industry. Local companies are already looking elsewhere with considerable emphasis on mainland China.

SINGAPORE CONSTRUCTION CONTRACTS (S$bn)

	Total	State	Private
1974	1.25	0.76	0.48
1977	1.63	1.27	0.36
1980	4.43	2.63	1.79
1983	9.62	6.01	3.64
1984*	4.48	3.46	1.01
Total 1974-84	45.58	29.98	15.67
%	100.00	65.6	34.4

* Half year only

Source: Economic Survey of Singapore

In spite of this, Singapore remains an important construction centre. It takes nearly a quarter of domestic bank lend*ing and although expanding at* a lower rate last year (14.2 per cent) it will still contribute significantly to the country's gross domestic product.

Terry Povey

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Acquisition behind French Connection surge to £7.5m

French Connection Group yesterday reported a more than doubled taxable profit of £7.53m for 1984-85 thanks to the inclusion for the first time of results from Best of All Clothing (BAC), which distributes the group's ladies wear in America.

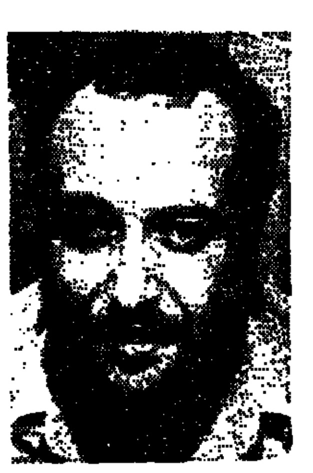
Excluding BAC, in which French acquired a controlling 50 per cent interest a year ago, there was an underlying profits fall of around 7 per cent.

On its own, French, a USM stock, earned £3.04m, against £3.27m in 1983-84 on turnover ahead by £5.12m at £21.91m. Including BAC, which contributed profits of £4.49m, total turnover amounted to £37.72m (£16.8m).

Halfway through the year to January 31, French reported a near £4m profit, against £819,000, with most of the increase due to BAC.

Mr Stephen Marks, the chairman and chief executive, says the group performed well during the second half against generally difficult trading conditions, and he is encouraged by the response to the spring and winter '85 collections.

The board is recommending a final dividend of 3.5p, making a total of 5.25p which compares with the previous year's solitary payment of 2.6p.



Mr Stephen Marks

● comment

French Connection's share price fell by more than 25 per cent at the start of the month as its broker downgraded the profit forecast from £10m to the £7.5m now revealed. Behind the less glittering figures lie the more difficult second-half trading conditions suffered by clothes retailers generally on both sides of the Atlantic. The resultant squeeze on margins and start-up costs at its Newcastle factory, has pushed French Connection's UK and French pre-tax profits down by 7 per cent on turnover up 30 per cent. However, this has been more than offset by a good performance fro mits newly acquired U.S. distributorship. This year the roles look like being reversed: in the UK, more buoyant trading conditions and a good reception for the company's current lines in the U.S., an uncertain outlook for retailers generally, with any growth hard won. A conservative forecast would be for profits of £8.5m, which at 260p puts the shares on a p/e of 11.5 on a 40 per cent tax charge.

Hewden Stuart lifts profit by 45%

DESPITE THE miners' strike and trading losses in the U.S. and the Middle East, Hewden-Stuart Plant achieved a profits increase of 45 per cent for the 53 weeks to February 3 1985.

This Glasgow-based plant hirer and seller announced a rise in pre-tax profits from £4.37m to £6.35m, with £3.1m (£2.04m) contribution from the second half.

The directors recommend an increased final dividend of 1p (0.85p), bringing the total for the year to 1.53p (1.33p). Stated net earnings were shown at 4.97p (4.21p), and 4.57p (4p) after extraordinaries.

The directors report that the current year has started strongly, and the group is now seeing some additional demand, particularly in the main coal producing areas. They feel that nationally 1985 will be a year of continued growth for much of British industry, and under such circumstances expect to report another set of satisfactory results in a year's time.

During 1984-85, following the group's enforced closure of its operations in Abu Dhabi, it also decided to withdraw from Saudi Arabia.

In the UK the group's activities overall achieevd substantially increased profits and turnover, the directors say. The crane hire division, however, returned reduced profits, reflecting severe competition, accentuated by the miners' strike.

The merchandising division reported higher turnover but marginally lower profits

Total group turnover rose from £92.66m to £103.8m.

Home snooker side puts Riley in the red

Riley Leisure, Britain's biggest billiards table maker and snooker club owner, plunged into the red over the 1984 year and is passing final dividend payments on both its preference and ordinary shares.

At the pre-tax level the group swung from profits of £2.54m to losses of £1.23m. Turnover fell by £2.48m to £22.57m.

Mr Alan Deal, group chairman, blames the acquisition of Leisure Industries, maker of home snooker tables, for the bad results. He says that in addition to its £1.73m trading losses, further problems were created by serious adverse cash flow, and the resultant bank interest charge of £506,000 took the total loss attributable to this business to £2.24m.

Overall, however, the current year has started well and although the interest charge is much higher, Mr Deal tells shareholders that there is a "substantial" improvement in profits over last year.

Order books for the manufacturing division remain high with continuing record orders for full-size tables, particularly from overseas.

Along with its preliminary results Riley announced that a group of people, led by Leisure Investments and acting together, had acquired 1,295,000 (8.17 per cent) Riley ordinary shares.

Leisure Investments operates amusement centres and a small number of snooker clubs. Its shares are traded under Rule 535 and the directors hope to join the USM this year.

LI owns 550,000 of the 1,295,000 shares: the rest are in the hands of its directors and close associates.

Mr Stephen Forsyth, chairman, said: "The way snooker is beginning to open up we think that there is a very good future. The Riley stake is a trade investment for us. We have a lot of confidence in Mr Deal."

Group interest charges for 1984 accounted for £1.31m (£532,000). The tax charge fell from £661,000 to £48,000.

Loss per 10p share totalled 9.6p (earnings 11.4p). The absence of a final dividend

RILEY

(2.2p) leaves ordinary shareholders with 0.7p (4.2p) for the year. The final preference dividend (£52,500) is not being paid.

Mr Deal says the poor Christmas season left the home snooker table market in a heavily overstocked position. Low demand for tables during the first nine months aggravated the situation and led to extensive price cutting throughout the industry.

Substantial cutbacks in production capacity were initiated. However, following a late surge in demand for Christmas 1984 Leisure Industries was unable to meet the market's requirements.

A divisional breakdown of group trading profits shows: Riley £443,000 (£394,000). Leisure Industries £1.73m loss (£753,000 profit), snooker clubs £950,000 (£1.17m), fitness equipment £641,000 (£813,000) and furniture £217,000 loss (£26,000 loss). The games company was sold during the year—it incurred losses of £37,000 in 1983.

At year-end the group's bank overdraft amounted to £12.7m.

● comment

The best thing that can be said about Riley is that following these dreadful losses the group must surely see a recovery in 1985. Underneath all the red ink is a sound, profitable business manufacturing snooker tables and running snooker halls. And even Leisure Industries, making small tables for home use, enjoys a steady undercurrent of demand. Its problem has been in making hopelessly optimistic market forecasts in a seasonal operation. But how far the group can be turned around depends on the speed at which the management tackles the balance sheet—shareholders' funds of £4.5m are supporting debt of £12.7m. Yet someone might come along and do the job for the incumbents as Riley is clearly vulnerable to a bid. Yesterday's news of a trade investment by Leisure Investments prompted further speculation, the shares rose 5p to 56p, but a cheeky bid from that source is a long shot. More likely is that LI, as a fellow snooker hall operator, sees the investment as a two-way bet—the shares should eventually respond to a recovery but if a bidder gets them first LI should still make a decent turn.

All-round growth at Fothergill

IMPROVED contributions in all three main sectors of activity at Fothergill & Harvey resulted in a 35 per cent increase in pre-tax profits from £1.9m to £2.57m for 1984. Provided some early stability of currency parities can be achieved the directors look forward to a further profits increase in 1985.

They point out that there is considerable evidence available that the weakness of sterling over the past few months has been providing a boost to the manufacturing sector.

The final dividend is being lifted from 5p to 5.5p which raises the total from 7.75p to 8.25p. Net earnings per share are shown as rising from 10.37p to 11.82p.

Turnover of £29.88m (£25.66m) produced profits before interest of £2.59m (£1.96m) and a respective breakdown of both results shows: advanced materials £7.65m (£5.95m) and £427,000 (£176,000); electrical insulation £7.8m (£6.93m) and £792,000 (£706,000); and coated and uncoated engineered fabrics £14.43m (£12.77m) and £1.54m (£1.22m). Associate losses took more at £168,000 (£144,000).

Commenting on the year under review the directors point out that margins in the advanced materials division still reflect the developing nature of these businesses. Although profits in the electrical insulation sector improved, a good performance in cables was offset by disappointing results in the second half in flexible insulation, where trading conditions remained difficult.

Engineered fabrics made a "significant contribution" with the two subsidiaries in that sector improving both turnover and margins. Losses at the associate Cyanamid Fothergill continued in the second half of the year, but a maintenance of the level of business being secured in the final quarter of 1984 should move this operation into profit in 1985.

Lec declines £1.7m in price conscious market

Lec Refrigeration pushed its 1984 turnover up by £6.5m but saw its profits fall by some £1.7m as margins were reduced.

The directors say this was brought about by the late summer and subsequent intense competition in a "price conscious market."

Turnover rose from £48.21m to £54.73m but profits at the pre-tax level dived from last year's record £5.04m to £3.35m—the West Sussex-based group is a manufacturer and distributor of refrigeration equipment.

The first six months to end-June 1984 witnessed a slow-down in the rate of profit improvement. Pre-tax figures for the period rose by only 3 per cent to £2.13m (£2.07m), against the substantial rate of increase reported for the second half of 1983.

Turnover for the half year advanced from £21.98m to £24.29m.

The dividend for the past year is being maintained at 12.5p net by a same-again final of 8.5p. The payment is still covered nearly three times by earnings of 36.41p (61.66p) per 25p share.

Gold Fields Group

MARCH QUARTERLIES

All companies mentioned are incorporated in the Republic of South Africa

DRIEFONTEIN CONSOLIDATED LIMITED

ISSUED CAPITAL: 102,000,000 shares of R1 each, fully paid.

	Qtr. ended 31/3/1985	Qtr. ended 31/12/1984	9 months ended 31/3/1985
OPERATING RESULTS:			
Gold – East Driefontein:			
Ore milled (t)	705,000	705,000	2,115,000
Gold produced (kg)	7,896.0	8,319.0	24,816.0
Yield (g/t)	11.2	11.8	11.7
Price received (R/kg)	19,585	19,444	18,756
Revenue (R/t milled)	219.83	229.95	220.58
Cost (R/t milled)	63.77	61.40	61.88
Profit (R/t milled)	156.06	168.55	158.70
Revenue (R000)	154,981	162,118	466,517
Cost (R000)	44,959	43,290	130,865
Profit (R000)	110,022	118,828	335,652
Gold – West Driefontein:			
Ore milled (t)	720,000	720,000	2,160,000
Gold produced (kg)	9,216.0	9,576.1	28,311.0
Yield (g/t)	12.8	13.3	13.1
Price received (R/kg)	19,772	19,380	18,812
Revenue (R/t milled)	253.65	258.43	247.14
Cost (R/t milled)	72.73	71.30	71.81
Profit (R/t milled)	180.92	187.13	175.33
Revenue (R000)	182,628	186,071	533,831
Cost (R000)	52,366	51,334	155,124
Profit (R000)	130,262	134,737	378,707
Uranium Oxide:			
Pulp treated (t)	179,880	214,615	662,495
Oxide produced (kg)	20,507	27,817	88,383
Yield (kg/t)	0.114	0.130	0.133
FINANCIAL RESULTS (R000):			
Working profit: Gold	240,284	253,565	714,359
Profit on sale of Uranium Oxide and Sulphuric Acid	2,101	2,102	5,496
Net tribute royalties and sundry mining revenue	(1,130)	(799)	(2,211)
Net mining revenue	241,255	254,868	717,644
Net non-mining revenue (group)	33,430	23,036	78,101
Profit before tax and State's share of profit	274,685	277,904	795,745
Tax and State's share of profit	163,531	168,178	485,522
Profit after tax and State's share of profit	111,154	109,726	310,223
Capital expenditure	29,159	30,468	79,609
Dividend	—	117,300	117,300
Loan Levy refund (1978)	35,207	—	35,207

TAX: The figures provide for the increase announced by the Honorable the Minister of Finance on 18 March 1985 and comparative figures for the previous periods have been amended accordingly.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1985 was R389 5 million

DIVIDEND: A dividend (No. 23) of 115 cents (48 418423p) per share was declared on 11 December 1984 and was paid to members on 13 February 1985

PRODUCTION: Underground production on the East Driefontein mine was affected by a strike of black employees which started on the night shift of 14 February 1985 and continued throughout the next day. The milling rate however, was maintained by using ore from the surface stockpile.

SHAFTS:
East Driefontein:
No. 4 Shaft – E: The shaft was sunk 131 metres to a depth of 997 metres below collar. An intermediate pump chamber has been excavated and is presently being lined

No. 4 Sub-Vertical Shaft – E: The shaft has been commissioned.

No. 5 Shaft – E: Equipping of the shaft has commenced

No. 5 Sub-Vertical Shaft – E: The lining of the headgear dome and the upper portion of the headgear is in progress. The excavation and support of the man-winder rope races has been completed and the stage winder foundations are being cast. The installation of the rock winder has commenced.

West Driefontein:
No. 6 Tertiary Shaft – W: The shaft was sunk 42 metres to a depth of 500 metres below the collar on 26 Level. The excavation of 38 Level is in progress.

No. 7 Shaft – W: The shaft was sunk 184 metres to a depth of 688 metres below collar. Development on 1 Level, which was hampered by the intersection of water, has been completed. The installation of two winders is complete and the third is nearing completion.

No. 8 Shaft – W: Sinking has recommenced as a secondary operation for the No. 7 Shaft – W sinking crew and the shaft was sunk 53 metres to a depth of 118 metres below collar.

On behalf of the board
R. A. Plumbridge } Directors
C. T. Fenton

11 April 1985

VLAKFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 6,000,000 shares of 35 cents each, fully paid.

	Qtr. ended 31/3/1985	Qtr. ended 31/12/1984	9 months ended 31/3/1985
OPERATING RESULTS:			
Gold:			
Ore milled:			
from surface dumps (t)	56,885	52,604	175,733
from outside sources (t)	153,115	157,396	454,267
total milled (t)	210,000	210,000	630,000
Gold produced (kg)	252.0	280.0	805.0
Yield (g/t)	1.2	1.3	1.3
Price received (R/kg)	19,915	19,538	19,085
Revenue (R/t milled)	23.98	26.13	24.46
Working cost (R/t milled)	13.69	13.41	13.21
Rock purchased (R/t milled)	4.57	5.39	4.97
Profit (R/t milled)	5.72	7.33	6.28
Revenue (R000)	5,036	5,487	15,407
Working cost (R000)	2,874	2,816	8,321
Rock purchased (R000)	960	1,132	3,127
Profit (R000)	1,202	1,539	3,959
FINANCIAL RESULTS (R000):			
Working profit: Gold	1,202	1,539	3,959
Net sundry revenue	588	626	1,768
Profit before tax	1,790	2,165	5,727
Tax:			
Formula tax	808	1,102	2,803
Non-mining tax	197	167	493
Profit after tax	785	896	2,431
Net surface capital expenditure	(10)	—	(5)
Repayment of capital	—	900	900
Loan levy refund (1978)	257	—	257

TAX: The figures provide for the increase announced by the Honourable the Minister of Finance on 18 March 1985 and comparative figures for the previous periods have been amended accordingly.

CAPITAL EXPENDITURE: There were no capital expenditure commitments at 31 March 1985.

REPAYMENT OF CAPITAL: The repayment of capital of 15 cents (6.315446p) per share was effected on 13 February 1985 following approval of the reduction by the Supreme Court of South Africa on 20 November 1984.

On behalf of the board
C. T. Fenton } Directors
G. F. Alvey

11 April 1985

LIBANON GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 7,937,300 shares of R1 each, fully paid.

	Qtr. ended 31/3/1985	Qtr ended 31/12/1984	9 months ended 31/3/1985
OPERATING RESULTS:			
Gold:			
Ore milled (t)	420,000	420,000	1,260,000
Gold produced (kg)	2,233.6	2,268.0	6,741.6
Yield (g/t)	5.3	5.4	5.4
Price received (R/kg)	20,125	19,310	18,975
Revenue (R/t milled)	107.31	104.54	101.78
Cost (R/t milled)	60.61	60.62	60.36
Profit (R/t milled)	46.70	43.92	41.42
Revenue (R000)	45,070	43,906	128,245
Cost (R000)	25,454	25,458	76,056
Profit (R000)	19,616	18,448	52,189
FINANCIAL RESULTS (R000):			
Working profit: Gold	19,616	18,448	52,189
Net sundry revenue	4,219	3,359	10,159
Profit before tax and State's share of profit	23,835	21,807	62,348
Tax and State's share of profit	11,219	9,777	28,387
Profit after tax and State's share of profit	12,616	12,030	33,961
Capital expenditure	4,379	5,214	13,676
Dividend	—	9,525	9,525
Loan levy refund (1978)	2,575	—	2,575

TAX: The figures provide for the increase announced by the Honourable the Minister of Finance on 18 March 1985 and comparative figures for the previous periods have been amended accordingly.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1985 was R43.2 million.

DIVIDEND: A dividend (No. 68) of 120 cents (50.523572p) per share was declared on 11 December 1984 and was paid to members on 13 February 1985.

On behalf of the board
C. T. Fenton } Directors
A. J. Wright

11 April 1985

DEELKRAAL GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 99,540,000 shares of 20 cents each, fully paid.

	Qtr. ended 31/3/1985	Qtr. ended 31/12/1984	9 months ended 31/3/1985
OPERATING RESULTS:			
Gold:			
Ore milled (t)	375,000	366,000	1,104,000
Gold produced (kg)	1,800.0	1,756.0	5,407.6
Yield (g/t)	4.8	4.8	4.9
Price received (R/kg)	19,666	19,351	18,774
Revenue (R/t milled)	94.66	93.09	92.21
Cost (R/t milled)	63.17	63.31	63.17
Profit (R/t milled)	31.49	29.78	29.04
Revenue (R000)	35,499	34,070	101,804
Cost (R000)	23,690	23,170	69,740
Profit (R000)	11,809	10,900	32,064
FINANCIAL RESULTS (R000):			
Working profit: Gold	11,809	10,900	32,064
Recovery under loss of profits insurance	995	—	995
Net sundry revenue	2,748	2,139	6,493
Total Profit	15,552	13,039	39,552
Capital expenditure	3,646	3,633	10,265
Dividend	—	9,954	9,954
Loan levy refund (1978)	191	—	191

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1985 was R26.8 million.

DIVIDEND: A dividend (No. 4) of 10 cents (4.210288p) per share was declared on 11 December 1984 and was paid to members on 13 February 1985.

No. 1 Sub-Vertical Shaft: Work is progressing on the transfer level of the deepened shaft

On behalf of the board
C. T. Fenton } Directors
B. R. van Rooyen

11 April 1985

KLOOF GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 30,240,000 shares of R1 each, fully paid.

	Qtr. ended 31/3/1985	Qtr. ended 31/12/1984	9 months ended 31/3/1985
OPERATING RESULTS:			
Gold:			
Ore milled (t)	540,000	525,000	1,590,000
Gold produced (kg)	8,100.0	8,120.0	24,410.0
Yield (g/t)	15.0	15.5	15.4
Price received (R/kg)	19,929	19,536	18,928
Revenue (R/t milled)	299.92	303.00	291.40
Cost (R/t milled)	78.32	82.08	80.71
Profit (R/t milled)	221.60	220.92	210.69
Revenue (R000)	161,957	159,072	463,321
Cost (R000)	42,293	43,091	128,320
Profit (R000)	119,664	115,981	335,001
FINANCIAL RESULTS (R000):			
Working profit: Gold	119,664	115,981	335,001
Recovery under loss of profits insurance	—	—	94
Net sundry revenue	13,783	9,487	31,852
Profit before tax and State's share of profit	133,447	125,468	366,947
Tax and State's share of profit	75,868	68,682	207,911
Profit after tax and State's share of profit	57,579	56,786	159,036
Capital expenditure	23,248	25,405	65,179
Dividend	—	45,384	48,384
Loan levy refund (1978)	3,440	—	3,440

TAX: The figures provide for the increase announced by the Honourable the Minister of Finance on 18 March 1985 and comparative figures for the previous periods have been amended accordingly.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1985 was R156.3 million.

DIVIDEND: A dividend (No. 30) of 160 cents (67.364762p) per share was declared on 11 December 1984 and was paid to members on 13 February 1985.

PRODUCTION:
Surface fire. A fire which broke out in an electrical sub-station at the mill on 7 January 1985, lead to the suspension of milling operations until repairs were completed on 11 January 1985.

Labour dispute. Underground production was affected by a strike of black employees on 11 February 1985. The milling rate was maintained by using ore from the surface stock pile.

SHAFTS:
No. 3 Sub-Vertical Shaft: The shaft is in the final stages of being commissioned.

No. 4 Shaft: The shaft was sunk 296 metres to a depth of 872 metres below collar.

No. 4 Ventilation Shaft: All shaft sinking work associated with the establishment of this shaft has been completed.

No. 5A Auxiliary Shaft. The raise-bored hole has been sliped to a depth of 80 metres below the collar on 23 Level and 24 Level Station has been established.

No. 5B Auxiliary Shaft. The raise-bored hole has been sliped to a depth of 200 metres below the collar on 27 Level.

No. 5 Ventilation Shaft. The shaft has been pre-sunk to a depth of 15 metres. The erection of the headgear and winders is in progress.

On behalf of the board
C. T. Fenton } Directors
A. J. Wright

11 April 1985

VENTERSPOST GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 5,050,000 shares of R1 each, fully paid.

	Qtr. ended 31/3/1985	Qtr. ended 31/12/1984	9 months ended 31/3/1985
OPERATING RESULTS:			
Gold:			
Ore milled (t)	390,000	358,000	1,123,000
Gold produced (kg)	1,578.9	1,507.0	4,701.2
Yield (g/t)	4.0	4.2	4.2
Price received (R/kg)	19,847	19,457	18,795
Revenue (R/t milled)	80.57	82.10	78.89
Cost (R/t milled)	66.19	70.91	67.64
Profit (R/t milled)	14.38	11.19	11.25
Revenue (R000)	31,421	29,393	88,597
Cost (R000)	25,813	25,388	75,961
Profit (R000)	5,608	4,005	12,636
FINANCIAL RESULTS (R000):			
Working profit: Gold	5,608	4,005	12,636
Recovery under loss of profits insurance	1,200	—	1,246
Net sundry revenue	1,839	1,392	4,413
Profit before tax	8,647	5,397	18,295
Tax	2,848	623	4,397
Profit after tax	5,799	4,774	13,898
Capital expenditure	627	1,975	3,050
Dividend	—	3,787	3,787
Loan levy refund (1978)	55	—	55

TAX: The figures provide for the increase announced by the Honourable the Minister of Finance on 18 March 1985 and comparative figures for the previous periods have been amended accordingly.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1985 was R9 5 million.

DIVIDEND: A dividend (No. 89) of 75 cents (31.577232p) per share was declared on 11 December 1984 and was paid to members on 13 February 1985.

On behalf of the board
C. T. Fenton } Directors
D. C. Dykes

11 April 1985

DOORNFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 10,000,000 shares of R1 each, fully paid.

	Qtr. ended 31/3/1985	Qtr. ended 31/12/1984	9 months ended 31/3/1985
OPERATING RESULTS:			
Gold:			
Ore milled (t)	366,000	366,000	1,098,000
Gold produced (kg)	2,447.7	2,262.1	7,203.8
Yield (g/t)	6.7	6.2	6.6
Price received (R/kg)	19,880	19,495	18,896
Revenue (R/t milled)	133.22	120.72	124.21
Cost (R/t milled)	78.28	78.01	78.21
Profit (R/t milled)	54.94	42.71	46.00
Revenue (R000)	48,759	44,185	136,377
Cost (R000)	28,652	28,551	85,872
Profit (R000)	20,107	15,634	50,505
FINANCIAL RESULTS (R000)			
Working profit: Gold	20,107	15,634	50,505
Net sundry revenue	3,483	2,972	9,085
Profit before tax and State's share of profit	23,590	18,606	59,590
Tax and State's share of profit	8,093	1,481	10,871
Profit after tax and State's share of profit	15,497	17,125	48,719
Capital expenditure	7,068	12,031	31,929
Dividend	—	8,000	8,000
Loan levy refund (1978)	1,279	—	1,279

TAX: The figures provide for the increase announced by the Honourable the Minister of Finance on 18 March 1985 and comparative figures for the previous periods have been amended accordingly.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 March 1985 was R68.5 million.

DIVIDEND: A dividend (No. 56) of 80 cents (33.682381p) per share was declared on 11 December 1984 and was paid to members on 13 February 1985.

SHAFTS:
No. 3 Sub-Vertical Shaft: The shaft was sunk 187 metres to a depth of 730 metres below collar and is now on 31 Level elevation.

No. 3 Sub-Vertical Ventilation Shaft: The shaft was sunk 15 metres to its final depth of 640 metres below collar. All steelwork and equipment has been stripped and work on this shaft is now complete.

On behalf of the board
C. T. Fenton } Directors
A. M. D. Gnodde

11 April 1985

NOTE: Copies may be obtained from the United Kingdom Registrar: Hill Samuel Registrars Limited, 6 Greencoat Place, London, SW1P 1PL.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday April 12 1985

Spain threatens Israel's largest export produce market, Page 40

WALL STREET

Sales data fuel rise in prices

THE announcement of an unexpectedly large drop in U.S. retail sales in March sparked off a heavy fall in rates in Wall Street's credit market yesterday, *writes Terry Byland in New York.*

The long end of the bond market, moving in tandem with the slumping dollar, saw yields plunge by around 18 basis points within a few minutes of the Commerce Department's disclosure that retail sales tumbled by 1.9 per cent last month. Short-term rates also fell away despite another round of intervention by the Federal Reserve.

The fall in retail sales, far outpacing Wall Street estimates, fuelled doubts over the pace of the U.S. economy which were raised by Mr Paul Volcker, the Fed chairman, earlier this week.

Analysts now expect interest rates to fall as economic growth slows, with the Fed leaning towards easing policy as the latest problems in the financial services sector continue to unsettle the markets.

In the stock market, investors responded favourably to the fall in interest rates and the dollar, both of which will help U.S. industry. A major hurdle was also cleared when IBM announced first-quarter profits no worse than feared – yesterday's fall in the dollar was timely for the computer monarch which estimated that the dollar's strength took $695m off gross income for the quarter. Further encouragement was drawn from a dividend increase from Ford Motor.

Stocks opened strongly, with heavy turnover leaving the ticker tape lagging behind the market in the first hour. Blue chips attracted most of the interest, with the broader market slow to follow. By 3pm, however, the initial surge eased slightly and the Dow Jones industrial average weas up only 2.43 at 1,262.37.

At $127⅛, IBM gained $1¼ after the results, although turnover in the stock was moderate. Other computer stocks, also due to report first-quarter results shortly, firmed led by Burroughs, $1 higher at $59½, Digital Equipment $1 up at $105⅝, Honeywell $⅝ up at $56⅝ and Data General $1⅛ higher at $46⅞.

Ford gained $⅝ to $43⅞ on the dividend increase, and General Motors at $74 added the same amount.

The flow of quarterly results from the banking sector continued, spearheaded by Chemical NY, $⅞ up at $39⅞ and Bank of New York $⅝ higher at $39⅝. J.P. Morgan, whose results strengthened its standing on Wall Street, added a further $1 to $48⅞.

But the most active bank stock was BankAmerica, $⅝ higher at $19¼ after turnover of more than 3m shares, boosted by a block trade of 2.8m at $19.

The market's takeover sector remained very active. Crown Zellerbach, $⅝ up at $42½, was slow to respond to suggestions that Sir James Goldsmith's offer of $42½ for up to 19m shares could be forced higher as the battle develops.

The Zellerbach board urged rejection of the Goldsmith offer, and analysts suggested that a price of $50 to $55 might be the eventual outcome.

Heavy turnover lifted Uniroyal $⅝ to $19⅝ as the board rejected Mr Carl Icahn's $18 a share offer and the market looked for a rival bid. CBS recovered $2⅝ to $101 with reduced turnover strengthening hopes that Mr Ivan Boesky is retaining his 2.6m share holding. Also in the media sector, Multimedia was suspended at $56½, a gain of $2⅝ after Lorimar outbid an investor group with an offer of $61 a share.

In the bond market, the price of the key long bond bounded ahead by 1²⁹⁄₃₂ to 99, to yield around 11.37 per cent, resoundedly penetrating the 11½ per cent yield barrier. Similar gains were widespread throughout the long end of the market. Three-month Treasury bills tumbled by 13 basis points to 8.08 per cent and federal funds remained at 8¹³⁄₁₆ per cent despite $1.5bn in customer repurchase arrangements by the Fed when the rate stood at 8¾ per cent.

INDIA

INDIA'S principal stock exchanges retreated this week for the first time in more than three weeks as the euphoria following the budget of March 16 began to wear off, *writes R. C. Murthy in Bombay.*

The losses on the Bombay stock exchange although widespread, were far from sufficient to eradicate the post-budget gains.

The retreat is an indication that official steps to curb an excess of speculation have started to bite. The Bombay exchange suspended trading in the 55 most actively traded companies a week after the budget, amid fears by the authorities that prices could crash if unbridled speculation were allowed. The suspension was modified later to allow for trading to square up past commitments.

In Calcutta and Delhi where markets remained open, the stock exchanges have introduced the requirement for a cash deposit of 3 per cent for trading in about a dozen leading issues. The decision was reached at a meeting of stock exchange chief executives convened by the Finance Ministry in New Delhi last weekend.

LONDON

THE ASCENDANT pound depressed international stocks in London but boosted government securities sharply. Few equities escaped the downturn and the FT Ordinary index closed 2.9 lower at 957.4.

Gilts were initially held back by concern over the continuing buoyant demand for bank credit but revived foreign demand in the wake of the strengthening pound forced domestic operators to take a stance.

Details, 35; Share information service, Pages 36–37

AUSTRALIA

THE RECORD pace in Sydney trading was dominated by Woodside Petroleum following the takeover bid by BHP and Shell Australia. The heavy turnover that ensued enabled the All Ordinaries index to add a further 9.9 to a peak of 863.3, while the All Resources index scored another sharp gain of 13.8 to 598.2.

Woodside moved 2 cents higher to A$1.58 on turnover of 17.3m shares – out of a total turnover of 100.7m shares for the day. About 15m Woodside shares, or 3 per cent of the issued capital, were bought by the bidders at the takeover price of A$1.60 a share, taking their stake to 45.6 per cent. BHP rose 18 cents to A$6.58 after touching a high of A$6.62.

HONG KONG

SOLID GAINS across a broad front in active Hong Kong trading gave a 12.78 point boost to the Hang Seng index which closed at 1,483.39.

Cheung Kong rose 30 cents to HK$15.40 as Hutchison Whampoa firmed 10 cents to HK$23.40, Sun Hung Kai Properties was 20 cents stronger at HK$9.85 and Swire Pacific finished 50 cents ahead at HK$24.40.

Kowloon Motor Bus was buoyed 55 cents to HK$10.20 amid its one-for-eight rights issue.

SOUTH AFRICA

THE FURTHER gains in the bullion price were swiftly translated into higher prices for Johannesburg gold shares in active trading.

Kinross featured with a R2 rally to R45, Buffels put on the same amount to R86.50 and Driefontein picked up R1.25 to R55. Most other sectors followed the lead given by golds as mining financial Anglo American Corp firmed 65 cents to R27.

CANADA

INSPIRED by the strong performance in golds, Toronto moved broadly higher in heavy trading extending gains made in the previous session.

Among the actively traded issues, Dome Petroleum was off 5 cents at C$3.25, while Bank of Nova Scotia traded C$¼ higher to C$12½. Among golds, Lac Minerals picked up C$1 to C$34⅞.

SINGAPORE

BANKS attracted some buyers in selective Singapore trading that left the Straits Times industrial index down 2.74 to 804.4.

Overseas Chinese Banking Corp picked up 5 cents to S$9.15 while Overseas Union Bank held steady at S$3.86 and United Overseas moved 2 cents higher to S$4.46.

TOKYO

Firmer tone cannot be sustained

A FIRM early tone proved unsustainable in Tokyo yesterday leaving stocks to drift lower as many investors opted out of the market in the absence of any strong incentives to buy, writes *Shigeo Nishiwaki of Jiji Press.*

Biotechnology-related food stocks were in the spotlight, replacing Asahi Chemical and other issues which had risen sharply the previous day.

The Nikkei-Dow market average declined for the third straight session, losing 28.13 to 12,573.80. Volume remained high at 495m shares, compared with the previous day's 503m. Declines outstripped advances by 476 to 317 with 134 issues unchanged.

Institutional investors stayed mostly on the sidelines, but individual investors were seen to be buying stocks in the hope of making rapid capital gains.

Leading biotechnology-related issues, which had been traded heavily the previous session, fell on profit-taking. Asahi Chemical eased Y15 to Y930, Taisho Pharmaceutical Y80 to Y1,360 and Chugai Pharmaceutical Y40 to Y1,210.

Major biotechnology-related food shares to gain were Sanraku-Ocean, up Y49 to Y669, Ajinomoto Y40 to Y1,190 and Taiyo Fishery Y11 to Y270.

Kawasaki Kisen, a favourite among medium and low-priced issues until early this week, still attracted buying interest. The stock headed the most active list with 62.52m shares traded and gained Y11 to Y224.

Some shipbuilding stocks gained strength in sympathy. Mitsui Engineering and Shipbuilding, ranking second on the active list with 45.71m shares, added Y8 to Y198. Hitachi Zosen climbed to Y203 at one point, but finished Y5 up at Y158.

Blue chips remained out of favour, reflecting strained trade relations with the U.S. Hitachi eased Y9 to Y810, Matsushita Electric Industrial Y20 to Y1,460, Sony Y30 to Y4,330 and Pioneer Y70 to Y2,460.

The bond market moved slightly higher, though trading was extremely thin, reflecting the good showing on the U.S. credit market. The absence of many institutional investors explained the shortfall in subscriptions of three-year government bonds, offered for public sale on Wednesday.

There was, however, sporadic buying again by some financial institutions serving the agricultural and forestry sector and investment trust funds. Amid expectations of lower interest rates in the U.S., the yield on the benchmark 7.3 per cent government bond, due in December 1993, slid to 6.685 per cent from Wednesday's 6.695 per cent.

EUROPE

Tour of Paris peaks progresses

THE STRONG advance that has characterised Paris this month continued apace yesterday, taking prices to their ninth successive record high.

The continuing buoyancy of the market has taken analysts by surprise.

Shares had been spurred higher last month by a late inflow of Monory funds, ahead of the March 31 deadline for this year's placement of the tax efficient investment vehicle.

But in the absence of this incentive, the market had been expected to consolidate this month, instead of which the CAC 50-share General index – up 1.5 yesterday at 218.2 – has added 6.8 points since April 1 taking its rise since the start of the year to 20 per cent.

Some observers are sceptical of reports that foreign demand has underpinned the continuing advance, noting that domestic institutions, and particularly insurance funds, are said to have been active buyers.

The policies pursued by the Mitterrand Government have undoubtedly given a substantial boost to foreign investment confidence in the French market.

One analyst pointed out that demand was now being seen for second-line stocks, which even two years ago would have been neglected.

In the bourse yesterday, Francaise de Raffinage added almost FFr 6 to a year's high of FFr 100. The continuation of the stock's recent rise is attributed to expectations that it may receive aid for research into unleaded petrol.

Construction issues were also strong with investors expecting a pick-up of activity in the industry.

A mixed picture emerged in **Frankfurt** where the midsession calculation of the Commerzbank index recorded a 2.4 fall to 1,202.3.

Trading was, however, active with strong demand for banks attributed to the firmer domestic bond market.

The decline in interest rates also helped insurer Allianz which rose through the psychologically important DM 1,060 level to close DM 12 higher at DM 1,070.

Expectations that VW would announce a dividend took the stock up DM 1.50 to DM 209.50, with the company's confirmation of a DM 5 payout coming after the market had closed. Strong foreign demand helped BMW up DM 2.50 to DM 375.50. Daimler added DM 1.90 to DM 667.90 but Porsche ended at a day's low, down DM 35 at DM 1,175.

Bond prices were higher, despite some late profit-taking that cut into early gains, with the rise attributed to the lower dollar. The Bundesbank sold DM 71.7m of paper after sales totalling DM 62.3m the previous day.

Amsterdam was mixed as the threat rose of strikes next week in various industries.

In the banking sector, ABN rose Fl 5.50 to Fl 406 in reaction to the positive profits forecast for 1985 contained in Wednesday's annual report.

Shipper Nedlloyd reduded a Fl 4.40 opening loss to a fall of Fl 2.50 at Fl 179.50 shortly before announcing 1984 results.

Bonds were steady.

Zurich tended higher in quiet trading. Banks and insurers found some fresh demand but financials edged easier.

In the engineering sector, Sulzer showed little reaction to the announcement of a narrowed 1984 loss, with the share SwFr 3 higher at SwFr 373.

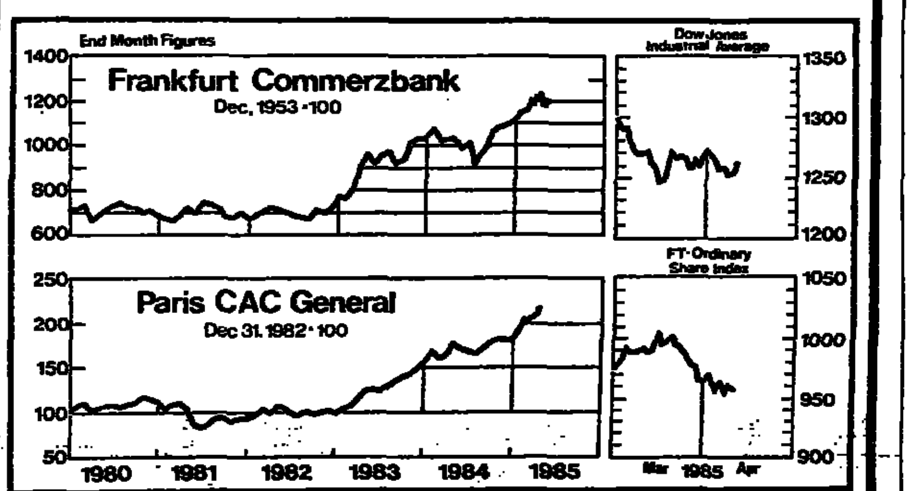
Bonds were steady in average volume.

Brussels was mixed although foreign demand enabled retailer Delhaize to pick up all of Wednesday's BFr 60 decline to end BFr 100 ahead at BFr 7,700.

Oil stocks saw Cometra BFr 30 higher at BFr 2,880.

Stockholm and **Milan** were firmer but **Madrid** was easier again in light trading.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	April 11	Previous	Year ago
DJ Industrials	1,262.37*	1,259.94	1,130.97
DJ Transport	596.66*	593.11	486.01
DJ Utilities	155.67*	154.90	125.48
S&P Composite	180.12*	179.42	155.0
LONDON			
FT Ord	957.4	960.3	888.6
FT-SE 100	1,269.3	1,273.1	1,105.40
FT-A All-share	612.32	613.95	518.74
FT-A 500	671.08	673.05	563.17
FT Gold mines	524.8	518.0	670.8
FT-A Long gilt	10.51	10.53	10.04
TOKYO			
Nikkei-Dow	12,573.80	12,601.93	10,939.40
Tokyo SE	982.26	985.18	858.85
AUSTRALIA			
All Ord.	863.3	853.2	756.2
Metals & Mins.	558.7	548.4	540.2
AUSTRIA			
Credit Aktien	75.21	74.05	55.0
BELGIUM			
Belgian SE	2,262.82	2,268.27	–
CANADA			
Toronto			
Metals & Minls	2,068.6*	2,081.6	2,233.0
Composite	2,634.2*	2,625.6	2,319.6
Montreal			
Portfolio	129.78*	129.57	112.88
DENMARK			
Copenhagen SE	n/a	185.80	181.58
FRANCE			
CAC Gen	218.2	216.7	172.2
Ind. Tendance	120.1	118.9	91.0
WEST GERMANY			
FAZ-Aktien	416.15	416.76	347.43
Commerzbank	1,202.3	1,204.7	1,018.1
HONG KONG			
Hang Seng	1,483.39	1,470.61	1,088.9
ITALY			
Banca Comm.	274.28	273.49	210.92
NETHERLANDS			
ANP-CBS Gen	205.6	204.9	159.0
ANP-CBS Ind	164.4	163.7	128.6
NORWAY			
Oslo SE	310.78	313.26	271.40
SINGAPORE			
Straits Times	803.85	806.78	1,006.81
SOUTH AFRICA			
Golds	1,132.5	1,102.9	1,026.4
Industrials	922.3	917.6	1,053.9
SPAIN			
Madrid SE	110.64	111.41	83.04
SWEDEN			
J & P	1,428.16	1,412.76	1,547.17
SWITZERLAND			
Swiss Bank Ind	419.4	418.8	371.2
WORLD	Apr 10	Prev	Year ago
Capital Int'l	201.1	199.8	186.0

GOLD (per ounce)

	Apr 11	Prev
London	$331.25	$328.25
Zürich	$330.75	$327.00
Paris (fixing)	$329.02	$324.25
Luxembourg	$328.50	$323.00
New York (Apr)	$332.00*	$326.20

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Apr 11	U.S. DOLLAR Previous	STERLING Apr 11	STERLING Previous
$	–	–	1.248	1.216
DM	3.0765	3.1345	3.8375	3.8025
Yen	251.9	254.3	314.5	309.0
FFr	9.395	9.56	11.725	11.58
SwFr	2.599	2.6485	3.245	3.22
Guilder	3.4745	3.542	4.335	4.3025
Lira	1.967	1,991.5	2,455.0	2,424.0
BFr	61.90	63.45	77.25	76.55
C$	1.3665	1.3725	1.704	1.6725

INTEREST RATES

	Apr 11	Prev
Euro-currencies (3-month offered rate)		
£	12⅞	13¹⁄₁₆
SwFr	5⁹⁄₁₆	5¹¹⁄₁₆
DM	6	6¹⁄₁₆
FFr	10¾	10¹⁵⁄₁₆
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⁵⁄₁₆	9¹⁄₁₆
6-month U.S.$	9⁷⁄₁₆	9⁷⁄₁₆
U.S. Fed Funds	8¹³⁄₁₆*	8¹³⁄₁₆
U.S. 3-month CDs	8.45*	8.85
U.S. 3-month T-bills	7.98*	8.10

U.S BONDS

Treasury		Apr 11* Price	Apr 11* Yield	Prev Price	Prev Yield
10¾	1987	101⁷⁄₃₂	10.04	100²⁷⁄₃₂	10.26
11⅜	1992	102⁷⁄₃₂	11.28	101⁹⁄₃₂	11.48
11¼	1995	99¹⁹⁄₃₂	11.36	98¹¹⁄₃₂	11.53
11¼	2015	99	11.365	97²⁹⁄₃₂	11.515
Corporate		Apr 11* Price	Apr 11* Yield	Prev Price	Prev Yield
AT & T					
10⅜	June 1990	95⅞	11.45	95⅞	11.45
3⅞	July 1990	74½	10.32	74½	10.32
8¾	May 2000	76⅛	12.25	76⅛	12.25
Xerox					
10⅞	March 1993	93⅝	11.90	93⅝	11.90
Diamond Shamrock					
10⅜	May 1993	92.539	12.10	92.539	12.10
Federated Dept Stores					
10⅞	May 2013	87.564	12.20	87.564	12.20
Abbot Lab					
11.80	Feb 2013	96.419	12.25	96.419	12.25
Alcoa					
12⅞	Dec 2012	96.173	12.75	96.173	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	70–30	71–04	70–17	70–05
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.80	91.84	91.65	91.61
Certificates of Deposit (IMM) $1m points of 100%				
June	91.13	91.15	91.00	90.88
LONDON				
Three-month Eurodollar $1m points of 100%				
June	90.70	90.72	90.47	90.56
20-year Notional Gilt £50,000 32nds of 100%				
June	106–27	106–31	106–17	106–24

COMMODITIES

(London)	Apr 11	Prev
Silver (spot fixing)	542.05p	548.80p
Copper (cash)	£1,204.50	£1,223.50
Coffee (May)	£2,109.00	£2,167.50
Oil (spot Arabian light)	$27.70	$27.70

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24 DIGIT MEMORY
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LAST NUMBER RECALL
The press of a button recalls the last number dialled.
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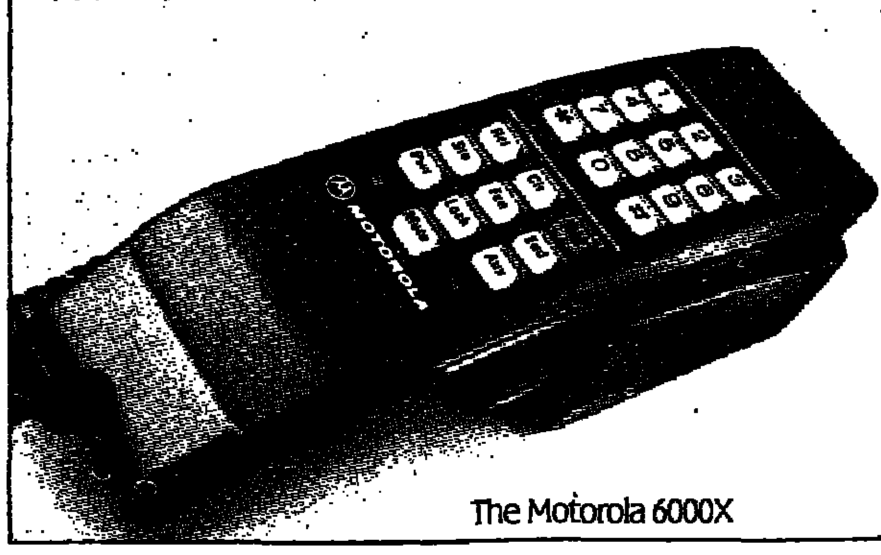

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Prices at 3pm, April 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25½	16⅛	AAR	.48	2.6	14	28	18¾	18⅝	18¾	−¼
19¾	9⅜	AGS			9	60	12¼	11⅝	12¼	+¾
18⅛	10	AMCA				40	10⅞	10⅝	10⅞	+⅝
18½	13⅜	AMF	.50	2.6	42	4138	19⅜	18½	19	+⅛
43¼	24½	AMR			9	4678	40⅝	40⅛	40½	+⅜
20½	18⅝	AMR	pf2.18	11.		6	20⅜	20⅜	20⅜	−⅛
14¼	8½	APL			39	79	9⅛	8⅞	8⅞	
67¼	44⅜	ASA	2	3.6		1082	55⅜	54⅝	55	+¾
27	15	AVX	.32	1.8	11	329	17⅝	17¼	17½	+⅛
54	35¾	AbtLab	1.40	2.7	15	1627	52	50⅞	51	−⅞
25⅞	18⅝	AccoWds	.44	2.0	17	40	21⅞	21¾	21¾	−⅞
22	12½	AcmeC	.40	2.8		753	14½	14	14½	+⅜
10½	8¼	AcmeE	.32b	3.7	11	16	8¾	8⅝	8¾	
17⅜	15	AdaEx	2.11e	13.		105	16½	16¼	16⅜	
20	11⅞	AdmMl	.32	1.8	7	7	17⅞	17¾	17¾	
19½	8⅝	AdvSys	.53t	5.0	17	175	10½	10⅜	10½	+⅛
41⅛	25⅛	AMD			13	2672	32⅛	31⅝	31⅝	+½
12¾	6⅞	Advest	.12	1.3		80	9¼	9⅛	9¼	
14⅝	8¾	Aerflex			12	36	12⅜	12⅛	12¼	+⅛
42⅝	27¼	AetnLf	2.64	6.5	39	656	40⅝	40⅛	40½	+⅝
58¾	52⅜	AetL	pf5.83e	11.		424	55¼	54⅝	55	
35	15¾	Ahmns	1.20	3.5	20	3343	35	34½	34½	−⅛
4⅛	2½	Aileen			21	31	2¾	2⅝	2¾	+⅛
51	38⅝	AirPrd	1.20	2.5	11	1416	49¼	48⅝	48⅝	+⅝
24⅜	13	AirbFrt	.60	3.1	11	64	20	19⅝	19⅝	−¼
2	1	AlMoa	s		25	56	1¾	1¾	1¾	
32	26¾	AlaP	pfA3.92	13.		11	30¾	30½	30¾	−⅞
7½	6	AlaP	dpf.87	12.		21	7⅜	7¼	7⅜	+⅛
68½	57	AlaP	pf8.16	12.		z100	65½	65½	65½	+2
13⅜	11	Alagsc	s .92	7.3	11	15	12⅝	12½	12⅝	−⅛
21¼	9¼	AlskAir	.14	.7	9	61	19¼	18⅞	18⅞	
16¾	10½	Albrto	s .38	2.4	20	20	15⅝	15	15⅝	+½
31¾	22½	Albtsns	.76	2.5	13	570	30⅜	30	30⅜	+⅜
32½	23½	Alcan	1.20	4.8	10	4757	25	24⅝	25	−⅝
36⅛	27⅛	AlcoStd	1.20	3.7	11	49	32⅞	32½	32⅞	+½
32	17	AlexAlx	1	3.4		1991	29⅞	29½	29¾	+⅛
26½	20⅜	Alexdr			19	357	23¼	22½	22½	−½
89½	65¼	AllgCp	2.06t	2.7	30	12	76½	76	76	−½
26¾	23	AlgCp	pf2.86	11.		2	25¾	25¾	25¾	
28¾	18¾	AlgInt	1.40	5.2		65	27	26⅞	26⅞	
22⅝	15¼	AlgIn	pf2.19	11.		4	19¾	19⅝	19¾	+⅛
94⅞	81	AlgI	pfC11.25	12.		78	91⅜	91⅛	91⅜	−½
31⅜	24⅝	AlgPw	2.70	8.6	9	302	31¼	31	31¼	+⅛

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 11

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
7 1/4	3 7/8	ADI n			28	144	6 1/8	6	6 1/8	+ 1/8
14 1/8	8 1/4	AL Lab	.20	1.5	12	40	13 3/4	13 7/8	13 7/8	− 1/4
22 3/8	12	AMC n	.12	6	15	98	20 3/8	20	20 3/8	+ 3/8
5 7/8	2 3/8	AM Intl				1409	4 1/4	3 7/8	4 1/8	+ 1/8
78 1/4	58	ATT Fd	5.05e	6.5		182	78	77 3/8	78	+ 1
6	2 1/8	AcmePr				1	3 1/4	3 1/4	3 1/4	
14 1/8	8 1/2	AcmeU	.32	3.2	18	2	9 7/8	9 7/8	9 7/8	
18 1/4	9 3/4	Action			20	74	10 3/8	10 1/4	10 3/8	+ 1/8
8 1/4	3 1/2	Acton				108	4	3 3/4	3 7/8	+ 1/8
2 3/8	5-16	Actn wt				3	3/8	3/8	3/8	− 1-16
29 7/8	16 1/8	AdRust	.14	.5	22	5	29 3/8	29 1/8	29 3/8	+ 1/4
24 1/4	15	Adobe	.28	1.5	12	62	18 7/8	18 3/4	18 7/8	+ 1/8
8 3/8	4 1/2	Aeronc			6	36	7 1/8	7 1/8	7 1/8	
44 3/4	26 1/2	AbiPb s	.60	1.4	19	34	42 1/4	42 1/4	42 1/4	+ 1/4
9 3/4	5 3/4	AirExp			23	38	6 1/2	6 1/8	6 1/2	+ 3/8
12 3/4	5 7/8	AirCal			8	90	8 1/4	8	8 1/8	− 1/8
10 5/8	9 3/4	ArCal pf				255	10 5/8	10 3/8	10 5/8	
5	2	Alamco			47	438	2 1/8	d	1 7/8	1 7/8
101	65 1/2	Almdo n			9	22	98 1/4	97	97	− 1 1/4
4	2	AlnTre				1	3 3/8	3 3/8	3 3/8	
9	5 5/8	Aloha				2	8 1/8	6 1/8	6 1/8	− 7/8
19	9 1/2	Alphain	.05	.4	15	139	11 7/8	10 1/2	11 1/8	+ 5/8
1	9-16	Altex				40	1 3/8	1 1/4	1 1/4	
5-16	1/8	Altex wt				15	3-16	1/8	3-16	+ 1-16
28 1/8	11	AlzaCp			55	183	25 7/8	24 7/8	25 7/8	+ 1
18 3/8	9 1/2	Amdahl	.20	1.3	19	855	15 3/8	14 7/8	14 7/8	− 1/8
15 7/8	6 1/2	Amedco	.08	1.0		66	7 3/4	7 5/8	7 5/8	
8 3/4	4 3/4	AmBilt	.16	2.0	4	8	7 1/2	7 3/8	7 3/8	
7 3/8	4	AmCap			22	1	7	7	7	+ 1/8
44 7/8	37 1/8	AContrl	1	2.4	12	20	41	41	41	
34 1/4	12 3/4	AExp wt				213	31 7/8	30 5/8	31 1/4	+ 5/8

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 32

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
18	10 3/4	WyleLb	.32	2.7	10	x42	12	11 7/8	12	+ 3/8
23 3/8	17	Wynns	.60	3.1	7	20	19 5/8	19 3/8	19 3/8	− 1/4
X Y Z										
46 1/4	33 1/4	Xerox	3	6.7	18	2158	45 1/2	44 1/4	44 7/8	+ 1 1/8
51 3/8	45 1/4	Xerox pf	5.45	11		1	u51 1/2	51 1/2	51 1/2	+ 1/4
30	24	ZaleCp	1.32	4.7	8	8	27 7/8	27 3/4	27 7/8	− 1/8
34 7/8	13 3/8	Zapata	.84	5.7	17	687	14 3/4	14 3/8	14 3/4	+ 1/4
58	30	Zayre	.40b	.7	14	552	56 1/4	55	56	+ 1
31 1/4	18 1/8	ZenithE			7	1787	21 1/4	20 7/8	20 7/8	
21 7/8	14 3/8	Zero s			17	70	18 1/4	17 5/8	18	+ 3/8
31 3/8	21 1/8	Zurnln	1.32	4.6	10	172	28 3/4	27 3/4	28 5/8	+ 7/8

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

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WORLD STOCK MARKETS

AUSTRIA

Apr. 11	Price Sch.	+ or —
Creditanstalt	288	+8
Goesse	425	+1
Interunfall	690	+30
Laenderbank	371	+3
Perimooser	381	−2
Steyr-Daimler	169	−3
Veitscher Mag	390	+1

BELGIUM/LUXEMBOURG

Apr. 11	Price Frs.	+ or —
B.B.L.	1,900	...
Banq. Int. A. Lux	6,150	...
Bekaert B.	5,910	+10
Ciment CBR	2,525	−35
Cockerill	241	−4
Delhaize	7,700	+100
EBES	3,110	+10
Electrobel	8,600	...
Fabrique Nat	2,000	−30
GB Inno BM	3,160	+5
GBL (Brux)	1,975	−15
Gevaert	4,000	...
Hoboken	5,720	+40
Intercom	2,300	+25
Kredietbank	8,390	...
Pan Hldgs.	11,000	−100
Petrofina	6,860	+30
Royale Belge	11,900	...
Soc. Gen. Banq	3,345	−35
Soc. Gen. Belge	1,970	−15
Sofina	7,500	−30
Solvay	4,260	−55
Stanwick Intl.	1,630	−20
Tractionel	4,100	−5
UCB	5,250	...
Wagon Lits	2,700	−10

DENMARK

Apr. 11	Price Kroner	+ or —
Andelsbanken	390	+4
Baltic Skand	525	...
CopHandelsbank	310	+5
D. Sukkerfab	560	+10
Danske Bank	299	+4
De Danske Luft.	1,225	+25
East Asiatic	187	+8
Forenede Brygg.	885	...
Forenede Damp.	128	+5
GNT Hldg	440	+1
I.S.S.B.	470	+5
Jyske Bank	625	+10
Novo Ind	1,540	−25
Privatbanken	276	+4
Provinsbanken	316	+6
Smidth (F)	258	−1
Sophus Berend	1,085	−65
Superfos	478	+4

FRANCE

Apr. 11	Price Frs.	+ or —
Emprunt 4½% 1973	1740	+9
Emprunt 7% 1973	8467	+29
Accor	285	...
Air Liquid	645	+3
BIC	539	+11
Bongrain	1,900	−10
Bouygues	675	−5
BSN Gervais	2,485	+70
CIT-Alcatel	1,383	...
Carrefour	2,170	+35
Club Mediter'n	1,184	−3
Cie Bancaire	650	+11
Cofimeg	393	+12.9
Damart	2,350	+50
Darty	1,331	+16
Dumex S.A.	644	+2
Eaux (Cie Gen)	637	+12
Elf-Aquitane	246	−0.2
Essilor	3,020	+80
Gen. Occidentale	707	...
Imetal	114	−0.6
Lafarge Coppee	492.1	−0.1
L'Oreal	2,570	+65
Legrand	3,144	−2
Maisons Phenix	236	+9
Matra S.A.	1,825	−30
Michelin B.	989	+7
Midi (Cie)	2,235	+25
Moet Hennessy	1,926	+15
Moulinex	111.8	−2
Nord Est	89.95	−2
Pernod Ricard	718	+16
Perrier	505	−5
Petroles Fra	262.5	−2.1
Peugeot S.A.	317	+3
Printempt.Aus	240	+2.1
Radiotech	300	−3
Redoute	1,429	−1
Roussel Uclaf	1,700	+19
Sefimeg	362	+27
SkisRossignol	1,935	...
Telemech Elect.	2,610	−40
Thomson CSF	575	+1
Valeo	230	−2

GERMANY

Apr. 11	Price Dm.	+ or —
AEG Telef	112.5	+1
Allianz Vers	1070xr	+12
BASF	207.1	−0.4
Bayer	215.5	−2
Bayer-Hypo	345	+1
Bayer-Verein	334	−4
BHF-Bank	274.5	+3.5
BMW	376.5	+2.5
Brown Boveri	214.5	0.5
Commerzbank	163.8	−0.4
Cont'l. Gummi	139.7	...
Daimler-Benz	667.9	+1.9
Degussa	359.2	−0.8
D'sche Babcock	165	+0.5
Deutsche Bank	452.5	+5
Dresdner Bank	182.5xr	+1.7
GHH	167	+0.5
Hochtief	470	−2
Hoechst	212.8	...
Hoesch Werke	110	−2.5
Holzmann (P)	409	+15
Horten	170	...
Hussel	293.5	...
Karstadt	214	+2
Kaufhof	228	...
KHD	246xr	−4.5
Kloeckner	71	−1.2
Linde	422.5	+1.5
Lufthansa	195.5	−0.5
MAN	154	−0.5
Mannesmann	163.8	−1.9
Mercedes Hld.	584	...
Metallgesel	263.5	+11.5
Munech Rueck	1140	−10
Nixdorf	554	...
Porsche	1175xq	−35
Preussag	275	+1
Rhein West Elect	156	−2
Rosenthal	242	−3
Schering	452.2	−0.2
Siemens	559.8xd	−1.7
Thyssen	96.8	−2.8
Varta	184.8	...
Veba	180.7	+1.5
V.E.W.	126.5	...
Verein-West	317	...
Volkswagen	209.5	+1.5

ITALY

Apr. 11	Price Lira	+ or —
Banco Com'le	17,310	+260
Bastogi IRBS	201	−4.5
B.I. invest	3,450	−20
Centrale	3,432	−23
Credito Varesino	3,950	...
Fiat	3,000	+51
Finsider	55	...
Generali Assicur.	41,790	−60
Italcementi	82,650	+650
La Rinascenti	668	+1
Montedison	1,522	+12
Olivetti	6,270	−30
Pirelli Co	4,155	−40
Pirelli Spa	2,240	+28
Snia BPD	2,845	+65
Toro Assic.	14,180	+160
do Pref	10,199	−46

NETHERLANDS

Apr. 11	Price Fls	+ or —
ACF Holding	200	+2
AEGON	183.5	−1.3
Ahold	216	...
AKZO	113.2	+0.3
ABN	406	+5.5
AMEV	215	3
AMRO	73.9	+0.8
Bredero Cert	158	1
Bos Kalis Westm.	18.6	−0.4
Buehrmann-Tet.	90.2	+0.2
Calland Hldgs.	33.8	...
Dordtsche Pet'm	180.5	+0.5
Elsevier NDU	114.5	+2.5
Fokker	99.5	+0.7
Gist Brocades	184	−0.8
Heineken	157.2	−0.7
Hoogovens	61.4	−0.8
Int Mueller	51.0	...
KLM	60.2	+1.2
Naarden	47.5	−0.1
Nat Ned Celt	70.1	+1.0
Ned M'd Bank	168.5	+0.5
Nedlloyd	179.5	−2.5
Oce Grinten	316	+0.5
Ommeren (Van)	31	−0.2
Pakhoed	68.8	+1.5
Philips	57.6	−0.1
Robeco	71.9	−0.1
Rodamco	138.5	−0.2
Rolinco	67.3	...
Rorento	44.2	0.1
Royal Dutch	201.8	+0.3
Unilever	344.6	+2.3
VMF Stork	151.5	+2.5
VNU	212	+1.5
West Utr Bank	104.9	+1.4

NORWAY

Apr. 11	Price Kroner	+ or —
Bergens Bank	141.5	−0.5
Borregaard	365	−6
Christiania Bank	141.5	+0.5
DenNorske Cred	150	...
Elkem	142	−0.5
Kvaerner	168	−2.5
Norsk Data	391	−4
Norsk Hydro.	107.0	...
Storebrand	237.5	+2.5

SPAIN

Apr. 11	Price Pta%	+ or —
Bco Bilbao	336	...
Bco Central	317	−1
Bco Exterior	200	...
Bco Hispano	158	...
Bco Popular	368	−2
Bco Santander	344	−2
Dragados	170	+1
Hidrola	82.7	−1.3
Iberduero	94.2	−1.5
Petroleos	146	−3.5
Telefonica	127.5	−1

SWEDEN

Apr. 11	Price Kronor	+ or —
AGA	390	+1
Alfa Laval	193	+1
ASEA (Free)	312	+4
Astra (Free)	412	+27
Atlas Copco	114	+4
Cardo (Free)	354	+3
Cellulosa	119	+1
Electrolux B.	318	...
Ericsson	289	−3
Esselte	350	−5
Mo och Domsjo	236	−2
Pharmacia	205	...
Saab Scania Free	446	...
Sandvik	395	+10
Skandia	340	+5
Skan Enski'da	47.5	...
SKF	213	+3.5
St Kopparbergs	134	+3
Sven Handlesbn.	162	+1
Swedish Match.	220	+1
Volvo B (Free)	278	...

SWITZERLAND

Apr. 11	Price Frs.	+ or —
Alusuisse	841	−4
Bank Leu	3,540	−25
Brown Boveri	1,635	...
Ciba Geigy	2,840	+15
do. (Part Certs)	2,295	+5
Credit Suisse	2,430	+5
Elektrowatt	2,880	+5
Fisher (Geo.)	718	−12
Hoff-Roche PtCts	97,125	−125
Hoff-Roche 1/10	8,700	−25
Jacobs Suchard	6,375	−15
Jelmoli	1,970	+20
Landis & Gyr	1,680	...
Nestle	6,380	+40
Oer-Buehrle	1,475	+5
Pirelli	299	...
Sandoz (Br)	7,825	−25
Sandoz (PtCts)	1,335	...
Schindler (PtCts)	780	−5
Sika	1,140	...
Surveillance	4,205	−5
Swissair	1,070	+2
Swiss Bank	367	+2
Swiss Reinsce	10,250	+100
Swiss Volksbk.	1,415	+5
Union Bank	3,720	+20
Winterthur	3,825	+25
Zurich Ins.	21,500	+125

AUSTRALIA

Apr. 11	Price Aust. $	+ or —
ANZ Group	4.6	+0.1
Alliance Oil Dev.	1.07	+0.02
Ampol Pet	1.83	+0.02
Ashton	0.97	...
Aust. Cons. Ind.	2.05	−0.1
Aust. Guarantee	2.5	...
Aust. Nat. Inds	2.92	+0.02
Aust. Paper	2.68	−0.02
Bell Group	6.84	+0.04
Bell Res.	6.94	+0.08
Bond Corp Hldgs	1.47	−0.05
Boral	3.2	+0.02
Bougainville	2.49	+0.02
Brambles Inds	3.88	−0.07
Bridge Oil	2.62	+0.14
B.H. Prop	6.58	−0.18
CRA	6.34	+0.14
CSR	3.18	+0.16
CastlemaineTys.	4.85	...
Coles (G.J.)	3.73	+0.01
Comalco "A"	2.88	+0.01
Consolidated Pet	0.47	+0.01
Costain Aust.	1.65	+0.06
Dunlop Olympic.	2.28	+0.05
Elders IXL	3.29	+0.08
Energ Res.	1.42	+0.02

AUSTRALIA (continued)

Apr. 11	Price Aust. $	+ or —
Gen. Prop. Trust	2.18	−0.04
Hardie (James)	3.08	−0.07
Hartogen Energy	2.8	+0.3
Herald W'yTimes	4.4	+0.08
ICI Aust.	2.05	+0.07
Jimberlana F.P.	0.29	+0.01
Kia Ora Gold	0.16	−0.01
Lend Lease	6.26	...
MIM	3.36	−0.02
Mayne Nickless	3.22	−0.01
Myer Emporium	1.64	...
Nat. Aust. Bank	3.47	+0.01
News	7.3xc	+0.1
Nicholas Kiwi	1.95	...
North Bkn Hill	2.75	+0.12
Oakbridge	0.9	+0.05
Pancont'l	1.7	+0.08
Pioneer Conc.	1.86	+0.12
Poseidon	4.2	+0.12
Queensland Coal	1.59	+0.01
Reckitt & Coln.	3.58	...
Repco	1.22	+0.01
Santos	6.44	+0.04
Smith (Howard)	4.5	+0.13
Thos. Natwide	1.92	+0.02
Tooth	6.8	...
Vamgas	4.45	...
Western Mining	4.23	+0.05
Westpac Bank	3.48	+0.02
Woodside Petrol	1.58	+0.02
Woolworths	3.1	−0.02
Wormald Intl.	3.55	...

HONG KONG

Apr. 11	Price H.K.$	+ or —
Bank East Asia	23.0	...
Cheung Kong	15.4	+0.5
China Light	15.3	−0.1
Evergo	1.15	−0.01
Hang Seng Bank	44.0	...
HK Electric	7.7	+0.1
HK Kowloon Wh.	6.25	...
HK Land	6.3	...
HK Shanghai BK.	8.95	...
HK Telephone	72	+1.5
Hutchinson Wpa	23.4	+0.1
Jardine Math	11.0	...
New World Dev.	6.5	...
Orient O'seas	2.22	...
Oseas Trust Bk	3.17	+0.32
SHK Props	9.85	+0.2
Shell Elect.	1.52	+0.02
Swire Pac A	24.4	+0.5
TV—B	6.15	−0.05
Wheel'k Mard A.	7.25	...
Wheel'k M'time	1.10	...
World Int. Hldns.	2.2	+0.05

JAPAN

Apr. 11	Price Yen	+ or —
Ajisomoto	1,190	+40
Alps Electric	1,860	...
Amada	1,040	−10
Asahi Chem	930	−15
Asahi Glass	891	...
Bridgestone	520	−4
Canon	1,230	−20
Casio Comp.	1,660	−10
Chugai Pharm.	1,210	−40
Citizen	540	−3
Daiei	614	...
Dai Nippon Ptg	1,010	−10
Daiwa House	646	−8
Ebara	451	−9
Eisai	1,690	−50
Fanuc	8900xr	−110
Fuji Bank	1,550	−10
Fuji Film	1,690	...
Fujisawa	1,120	−10
Fujitsu	1,100	−20
Green Cross	3,500	−70
Hasegawa	378	−7
Heiwa Real Est	651	−15
Hitachi	810	−9
Hitachi Credit	1,090	+10
Honda	1,320	−10
House Food	708	−3
Hoya	2,190	...
Itoh (C)	355	−4
Ito. Yokado	2,730	+40
Iwatsu	995	...
JACCS	325	+1
JAL	6,260	−10
Jusco	738	−2
Kajima	292	−1
Kao Soap	810	+4
Kashiyama	617	−8
Kirin	617	−8
Kokuyo	890	−5
Komatsu	444	−7
Konishiroku	665	−6
Kubota	340	−3
Kumagai	680	−14
Kyoto Ceramic	5,550	−80
Maeda Const	601	−5
Makino Milling	1,220	...
Makita	998	−2
Marubeni	316	...
Marudai	682	+3
Marui	1,050	+20
MEI	1,460	+20
M'ta Elec Works	741	−4
M'bishi Bank	1,550	+20
M'bishi	522	−3
M'bishi Elect	402	+3
M'bishi Estate	611	−1

JAPAN (continued)

Apr. 11	Price Yen	+ or —
MHI	265	−3
Mitsui	345	−3
Mitsui Estate	643xc	−9
Mitsukoshi	487	...
NGK Insulators	931xc	+6
Nihon Cement	263	+2
Nippon Denso	1,320	−10
Nippon Elect	1,040	−30
Nippon Express	365	−3
Nippon Gakki	1,900	−20
Nippon Kokan	138	−2
Nippon Oil	885xc	...
Nippon Seiko	659	−1
Nippon Shimpan	580	+10
Nippon Steel	151	...
Nippon Suisan	351	−6
NTV	10050xc	−60
Nippon Yusen	241xc	−1
Nissan Motor	658	+2
Nisshin Flour	517	+2
Nisshin Steel	170	+1
Nomura	1,150	−20
Olympus	1,150	...
Orient Leasing	2,950	−80
Pioneer	2,460	−70
Renown	631	−4
Ricoh	897	+2
Sankyo	1,390	−20
Sanyo Elect.	459	−3
Sapporo	455	+6
Sekisui Prefab	599	+1
Seven-Eleven	9,240	−40
Sharp	992	−5
Shimadzu	710xc	+2
Shionogi	716xc	−14
Shiseido	1,200	−20
Sony	4,330	−30
Stanley	907	−2
S'tomo Bank	1,710	+10
S'tomo Elect	890	...
S'tomo Marine	621	−9
S'tomo Metal	151	−1
Taihei Dengyo	478	+3
Taisei Corp.	212	−4
Taisho Pharm	1,360	+80
Takeda	886	−10
TDK	5,480	+30
Teijin	463	−3
Teikoku	696	−3
Tokyo Marine	847	−8
TBS	780	...
Tokyo Elect Pwr	1,670	+10
Tokyo Gas	174	...
Tokyo Sanyo	685	...
Tokyo Style	742	−12
Tokyu Corp	349	+3
Toppan Print	866	+4
Toray	488	...
Toshiba Elect	400	...
TOTO	645	−5
Toyo Seikan	883	+6
Toyota Motor	1,260	+10
Victor	2,020	−80
Wacoal	750	+25
Yamaha	772	+2
Yamanouchi	4,080	−80
Yamazaki	670	+2
Yasuda Fire	466	−8
Yokogawa Bdge.	422	−22

SINGAPORE

Apr. 11	Price $	+ or —
Boustead Hldgs.	1.76	+0.05
Cold Storage	2.74	+0.05
DBS	6.2	...
Genting	5.8	+0.1
Haw Par. Bros.	2.22	−0.04
Hong Leong Fin.	2.91	+0.01
Inchcape Bhd.	2.46	+0.01
Keppel Shipyard	1.44	−0.05
Malay Banking	5.9	...
Malay Utd. Ind.	2.39	+0.01
Multi Purpose	0.88	−0.01
OCBC	9.15	+0.05
OUB	5.86	...
Public Bank	1.5	+0.01
Sime Darby	1.91	...
Singapore Press.	6.35	...
Straits Trdg.	4.28	...
Tat Lee Bk	2.75	...
UOB	4.46	−0.02

SOUTH AFRICA

Apr. 11	Price Rand	+ or —
Abercom	1.55	−0.05
AE&CI	7.6	...
Allied Tech	54.5	...
Anglo Am Coal	40.25	+0.25
Anglo Am Corp	27	+0.65
Anglo Am Gold	177.5	+5
Barclays Bank	14.55	+0.3
Barlow Rand	10.9	+0.25
Buffels	86.5	+2
CNA Gallo	2.45	...
Currie Finance	3.55	...
De Beers	10.58	+0.21
Driefontein	55	+1.25
FS Geduld	58	+1
Gold Fields SA	34.25	+1.25
Highveld Steel	3.95	+0.05
Nedbank	10.8	+0.9
OK Bazaars	13.5	...
Protea Hldgs.	1.46	−0.06
Rembrandt	34.25	−0.5
Rust Plat	17.75	+0.15
Safren	14.1	...
Sage Hldgs.	7.5	+0.2
SA Brews	6.9	+0.1
Smith (AG)	21.20	...
Tongaat Hulet	6.35	+0.1
Unisec	4.75	...

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights xa Ex all.

OVER-THE-COUNTER

Nasdaq national market, 2pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Stock	Sales (Hnds)	High	Low	Last	Chng
Datum	215	7⅛	6⅜	6½	−½
DavlW s	3	13½	13½	13½	+¼
Dawson	17	6⅞	6½	6½	−⅛
DebSh .20e	60	18¼	17¾	17¾	−¼
DecisD	752	14¾	14⅛	14½	+⅜
Decom	5	3½	3½	3½	+¼
DekibA .72	131	25⅞	25⅞	25⅞	
Delchm .28	33	18⅞	17¾	17¾	
DeltaDt	11	1½	1⅜	1⅜	
DelNG 1.04	23	11¼	11⅛	11⅛	−⅛
Deltak	8	7	7	7	

Stock	Sales (Hnds)	High	Low	Last	Chng
GenetS	475	7¼	6¾	6⅞	−⅛
Genex	95	5	4¾	4¾	−¼
Genova .10e	15	6⅝	6⅝	6⅝	
GaFBk	395	14⅝	13⅞	14⅜	+½
GerMd s .08	26	7	6⅞	7	
Gibson .28	1	12½	12½	12½	
GlbsG s	1983	22	21⅝	21⅝	−⅜
GigaTr	20	19	18	19	
GlbrtA 1.70	9	28	27½	28	+½
GlenFd	1032	11⅝	11⅛	11⅜	+¼
Godfry s .52	88	17⅝	17¼	17⅝	+⅛

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Tr 9¾ 1988	£94⁵⁄₁₆	+£⁵⁄₁₆
Tr 13¾ 1993	£116⅞	+£¾
Bentalls	102	+11
Burmah Oil	221	+15
Debenhams	244	+16
Eglinton O & G	67	+10
Empire Stores	118	+8
Grattan	204	+12
Hepworth (J.)	190	+9
Higg & Hill	323	+13
Hunting Pet	142	+6
Magnet & South	122	+8
Milford Docks	68	+11
Octopus Pub	£10¼	+£¾
Pentland Inds.	585	+28
Pilkington Bros.	282	+10
Riley Leisure	58	+5
Ruberoid	202	+9
Stothert & Pitt	133	+13
Vickers	268	+7
Wilkes (James)	275	+10

FALLS

Tr. 2pc IL 2006	£102⅜	−£¾
Boustead	83	−12
Brown (Matthew)	418	−17
ICI	742	−15
LASMO	318	−12
NatWest	573	−12
Rowntree Mack	390	−8
Saxon Oil	450	−20
Spectrum	40	−10

* New

Stock	Sales (Hnds)	High	Low	Last	Chng
GldCorr .31e	48	11½	11	11½	+¼
GoldE s .24	17	18¾	18⅝	18¾	
GdTaco	28	¾	11-16	¾	−1-16
Gotaas	156	15½	15¼	15½	+⅜
Gott	29	12¾	12⅝	12⅝	
GouldP .76	151	16½	16¼	16¼	−¼
Graco .44	67	12¼	11½	12	+¼
Gradco	11	9	8½	9	+⅜
Granire	170	8½	8¼	8½	
Graphl	14	12⅝	12⅝	12⅝	+⅜
GrphSc	162	5⅝	5⅜	5⅜	
GrayCo	2	8¾	8¾	8¾	+¼

Stock	Sales (Hnds)	High	Low	Last	Chng
JBRst s	129	14½	[illegible]		
Jackpot t	1244	7⅝	[illegible]		
JackLfe	86	38½	[illegible]		
Jacbsn .40	12	20½	[illegible]		
JamWtr	6	17½	[illegible]		
JeffrGp	2	18¾	[illegible]		
JeffSh 1.60	2	39½	[illegible]		

Continued on Page 42

CANADA

TORONTO

Prices at 1.30pm April 11

Sales	Stock	High	Low	Close	Chng
		$11¼	11	11	−¼
		$71⅛	7⅛	7⅛	
		$5⅝	5⅝	5⅝	
		$10	10	10	
		325	310	325	+10

Sales	Stock	High	Low	Close	Chng
78650	Imasco	$25⅜	25¼	25⅜	+⅛
17500	Indal	$13⅛	12⅞	13⅛	+½
1876	Inland Gas	$16	15⅞	16	
12020	Intl Thom	$8⅝	8½	8½	+⅛
18334	Inter Pipe	$36	35⅝	35⅞	+¼

Sales	Stock	High	Low	Close	Chng
1300	Roman	$11⅜	11¼	11⅜	+⅛
32883	Sceptre	$6⅞	6½	6⅞	+⅜
1500	Scotts I	$23	23	23	+⅛
19250	Sears Can	$7⅞	7⅝	7⅞	+⅛
52622	Shell Can	$29⅞	28½	28½	

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 33

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]										

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LONDON STOCK EXCHANGE

MARKET REPORT

Rising pound pulls international stocks down but pushes gilt-edged up sharply

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 25	Apr 11	Apr 12	Apr 22
Apr 15	Apr 25	Apr 26	May 7
Apr 29	May 9	May 10	May 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

A guarded financial Press reception of the March banking statistics stifled *any major investment* activity in London stock markets yesterday. Investors decided they needed time to digest the implications of money stock trends on interest rates and sterling. This allowed the exchange rate to renew its recent dominance on markets. As the pound rose sharply against most leading currencies, international stocks were pulled lower and Government securities pushed higher.

Startling news of a 1.9 per cent drop in U.S. retail sales last month—a rise of 0.7 had been predicted—took sterling over $1.125 as the dollar weakened. Leading shares, and especially groups with overseas earnings potential, were immediately marked easier by dealers. Few issues escaped the move and the FT Ordinary share index, which had shown only marginal falls at all earlier counts, closed a net 2.9 down on the session at 957.4.

Many secondary equities received attention because of the lack of business in blue chip issues. "New-time" buying developed of many situation stocks and **Debenhams** were notably active on continuing speculation of an impending takeover bid.

Government bonds were held back initially by concern over the continuing buoyant demand for bank credit, but revived *foreign demand* in the wake of the strengthening pound forced domestic operators to take a stance. The combined support took prices higher with the accent again on medium life *issues*, which *allowed* the authorities to sell more stock of **Treasury** 9 per cent 1994, at 86¾, and also *supplies* of **Exchequer** 10¼ per cent 1997, at 97.

Final gains in the area ranged to ¾ and longer-dated issues were not far behind with rises stretching to ⅝. Index-linked Gilts, in contrast, reacted ¼ or so mirroring the Prime Minister's view that UK inflation of around 3 per cent was a realistic target during the life of the Government.

NatWest dull

Technical factors connected with last month's £507m rights issue from Barclays Bank combined with renewed concern about Latin American debt problems made for another dull session in the banking sector. **NatWest** were a particularly weak market and fell 12 to 573p, while **Barclays** shed 5 to 335p with the new nil paid shares the same amount down at 183p premium.

Among Insurances, takeover *favourite* ***Commercial Union*** attracted another lively business and closed 4 higher at 217p. ***Pearl Assurance***, which revealed disappointing annual results on Wednesday, slipped to £10¾, before picking up to close ¼ dearer on balance at £11. Sentiment in Lloyds brokers was affected by the fresh fall in the dollar, but a firmer tone developed *late in the session* and *most* closed above the worst.

Sangers continued to reflect *growth prospects for its U.S.* cosmetics interests and moved up to 67p before closing 2 dearer on balance at 64p.

Matthew Brown dipped 17 to 418p—a two-day decline of 25—as ***Scottish and Newcastle***, 1¼ *lower* at 126½p, lifted its stake in the Blackburn brewer to 14.8 per cent; the shares and cash offer values Brown at just over 435p per share.

Leading Building issues remained selectively firm with **Costain** a good market at 358p, up 8. Secondary issues displayed several bright features. **Higgs and Hill** were prominent and 13 higher at 323p *following a Press* suggestion that Barratt Developments had sold its near 5 per cent stake to *Trafalgar House* and that the latter would subsequently launch a full bid for Higgs and Hill. **Ruberoid** gained 9 to 202p following better-than-expected annual results, while **Hewden Stuart** added 2 to 44p in reply to good preliminary profits and a confident statement. Among **Timbers**, recently-overlooked **Magnet and Southerns** revived and closed 8 higher at 122p.

ICI drifted progressively lower on currency influences and settled 15 down at the day's lowest of 742p. Among other Chemicals, **Wolstenholme Rink** were quoted at 320p ex all, up 2; the new nil paid shares opened at 97p premium and moved up to 100p premium.

Debenhams at new high

Speculative support of **Debenhams** continued amid fresh talks of an impending approach from a consortium headed by Heron Corporation's Gerald Ronson; Debenhams advanced 16 for a gain so far this week of 23 to 244p. **Harris Queensway**, strongly rumoured to take a leading role in any takeover of Debenhams, shed a couple of pence to 188p, after 186p, while a similar fall was noted in another possible *suitor*, ***Habitat Mothercare***, *at* 338p.

Once again, business among secondary Stores *proved to be* selective. **Bentalls**, wanted recently on asset value considerations, *improved afresh and* finished 11 to the good at 102p and buyers also displayed enthusiasm for **J. Hepworth**, which rose 9 to 190p in front of next Tuesday's half-timer. Mail-orders *made progress under the lead of* **Grattan**; the latter continued to benefit from a recent broker's "buy" signal and closed 12 up at 204p. **Empire** improved 8 to 118p. **French Connection** eased a few pence to 260p, the full-year profits being in line with recently downgraded brokers' forecasts.

Leading Electricals closed *with little alteration on* balance. **British Telecom** did run into early selling and touched 136p *before settling 1½ down on* balance at 138p. Elsewhere, **Dowding and Mills** slipped to 73p *after the increased interim dividend* and profits, but recovered to close a penny firmer on the day at 77p. **Kode** hardened 3 to 213p in response to newsletter comment, but lower annual profits left **Lec Refrigeration** down 5 at 255p. Other dull spots included **Rotaflex**, 7 lower at 160p, and **Pressac**, 5 cheaper at 91p. USM quoted **Alphameric** *encountered* support and put on 13 to 113p.

Among Engineers, **Vickers** rose 7 to 268p *following Press comment* about nationalisation compensation hopes. Selected *secondary issues* traded on a relatively lively note with **Stothert and Pitt**, an old bid chestnut, up 13 at 133p. **Ayrshire Metal** responded to good annual figures and the resumption of dividend payments with a rise of 4 to 30p. Also reflecting trading statements, **James Neill** closed 4 to the good at 146p, after 148p, and **Martonair** 7 higher at 352p. **Bullough** continued *its* recent recovery movement, closing 14 higher at 260p. Further demand lifted **Aurora** 1½ to 25p, while **Hall Engineering** were noteworthy for a gain of 6 *to 140p*.

Among Foods, scattered selling and lack of support left **Rowntree Mackintosh** 8 off at 390p and **Ranks Hovis McDougall** 3 cheaper at 145p. **Tate and Lyle** drifted back to close 3 easier at 417p. Elsewhere, profit-taking in the wake of the interim results clipped 4 from **Albert Fisher** at 129p.

Against the trend of *miscellaneous* industrial leaders, **Pilkington** improved 10 to 282p following overnight U.S. support which subsequently prompted domestic demand. On the other hand, currency influences tended to unsettle some international stocks, **BTR** easing 9 to 665p and **Glaxo** ¼ to £10¾. Renewed demand ahead of next Monday's preliminary *statement* left **Pentland Industries** 26 up at 585p, after 593p. **Evode**, still reflecting hopes of a *bid from Becham, hardened* 3 further to 122p, while speculative interest lifted **Hepworth Ceramic** 5 to 136p. **Low and Bonar** rallied 7 further to 385p. **Wm. Baird**, 347p, and **Fothergill and Harvey**, 158p, both hardened a couple of pence following trading statements. **James Wilkes**, reflecting the chairman's encouraging statement, put on 10 to 275p, but **I. D. and S. Rivlin** fell to 81p immediately after news of interim figures and proposed rights issue *before closing a penny firmer on* balance at 87p. **United Guarantee**, an old speculative favaurite, *came to life with a rise of 4 to* 23p, but renewed offerings left **Courtney Pope** 20 lower at 330p. Profit-taking clipped 2½ from **Inter-City**, at 49½p.

USM-quoted **Spectrum** *remained a weak market on the disclosure* that the company may incur a loss for the first six months and shed 10 for a two-day fall of 35 to 40p. **Anglia TV A** continued to reflect recent reports of falling TV advertising revenue and lost 8 more to 120p. In sharp contrast, **Riley Leisure** gained 5 to 56p following the annual results and disclosure that *a consortium* headed by Leisure Investments had acquired a 8.17 per cent stake in thecompany.

Publishers continued to attract a fair measure of attention. **Octopus**, due to announce full-year results next Tuesday, advanced ½ more to a new peak of £10½, while **Associated Newspapers**, the subject of a broker's bullish circular, hardened 5 more to 885p. **Fleet Holdings**, initially firm at 280p, *settled a net 3 off* at 276p, still awaiting further developments concerning the tentative offer from **United Newspapers**, 5 lower at 303p. **Home Counties** rose 5 for a two-day advance of 8 at 158p. In contrast, **International Thomson** gave up a few pence to 498p following the annual results.

Persistent speculative interest preliminary profits in excess of among Shippings. **Ocean Transport**, still expecting further overtures from suggested suitors P & O, rose 4 to 188p. **Milford Docks**, a perennial takeover favourite, returned to the fore with a leap of 11 at 66p, while buyers also displayed occasional interest in **Common Bros**, 9 to the good at 93p.

Burmah gain ground

The increased dividend and preminary profits in excess of *the most optimistic market estimates* encouraged strong support for **Burmah Oil** which gained ground throughout *the session* to close 15 higher at 221p. Among other leading oils **Tricentrol** initially rose to a 1984-5 high of 260p before easing to end the day a net 3 firmer at 255p, still reflecting takeover speculation. **Enterprise Oil**, widely tipped to bid for Tricentrol, added 3 at 207p. **BP** and **Shell** eased a few pence to 537p and 716p respectively while **LASMO** encountered persistent selling pressure in the absence of any news from its *exploration programme* off the coast of Sicily and fell 12 to 318p.

In second-line issues ***Petrolex*** hardened to 83p before settling a penny firmer at 82p following the takeover bid from ***Saxon Oil***; the latter dropped 20 to 450p. **Hunting Petroleum's** preliminary results were well received and the shares improved 6 to 142p. Irish exploration stocks made good progress with **Eglinton** advancing 10 to 67p, **Osceola** finally 15 higher at 260p and **Bryson** 8 better at 133p.

In Overseas Traders, **Boustead**, due to announce preliminary figures on Tuesday week, gave up 12 at 83p. **Gill and Duffus**, *annual results expected today*, hardened the turn to 151p.

Golds up again

South African gold and related issues gained ground for the third successive *day following* another firm showing by the bullion price. The latter pu on $3 to $331.25 ounce—a rise of $13.5 over the last three days as the dollar weakened in the wake of the disappointing U.S. March retail sales figure.

Overnight U.S. buying prompted an initial mark-up of Golds in London but light profit-taking and general lack of interest saw prices ease a shade mid-morning. However, the marked decline in the dollar during the afternoon quickly saw gold move ahead and share prices responded to widespread demand. Quotations closed at or around the day's best levels. The Gold Mines index rose 6.8 to 524.8.

The first of the quarterly reports from the South African *mines*, those of the producers in the Gold Fields group were not known during market hours. In *the leading Golds, rises ranged* up to ¾ with **Southvaal** and **President Brand** that much higher at £39¼ and £24¼ respectively. Gains of around ¼ were common to **Kinross**, £18¼, **Buffels**, £35¾ and **St. Helena**, £14¼. **Hartebeest** were outstanding in the cheaper priced issues and moved up 28 to 507p.

Financials were featured by ***Consolidated Gold Fields***, *which* improved 12 to 557p, reflecting the god gains in bullion and gold *shares as well as news that the* group has put the companies in the Gold Fields American Industries *subsidiary up for sale*.

In South Afrcan Financials **"Amgold"** added almost a point at £73¾ and **Gold Fields of South Africa** put on ½ to £14¼, while **De Beers** were well supported and *closed* 7 firmer at 435p.

Australians continued to attract a two-way business, helped by another good showing in Sydney and Melbourne overnight. Increased participation in the sector following the BHP/Shell Australia bid for Woodside Petroleum was also a help. Gold issues recovered from initial profit-taking to close with further gains and **Gold Mines of Kalgoorlie**, down to 480p initially, settled 3 better at 488p. **Poseidon** recorded a rise of 5 at 228p. Secondary golds were well to the fore with **Sons of Gwalia** 4 up at a year's best of 97p and **Whim Creek** 6 higher at 168p.

Demand for Traded Options continued to expand and total contracts struck amounted to 7,205. Business was well distributed throughout the list, with **Racal**, **Imperial Group** and **Commercial Union** all recording in excess of 500 calls apiece. The short Gilt contract was also in demand and accounted for 332 *calls and 252 puts*.

FINANCIAL TIMES STOCK INDICES

	Apr. 11	Apr. 10	Apr. 9	Apr. 4	Apr. 3	Apr. 2	year ago
Government Secs.	81.21	81.04	80.89	80.76	80.85	80.87	82.66
Fixed Interest	86.47	85.44	85.42	85.46	85.46	86.46	86.46
Ordinary	957.4	960.3	955.9	962.5	956.5	969.4	888.6
Gold Mines	524.8	518.0	516.2	509.3	514.4	506.2	570.8
Ord. Div. Yield	4.77	4.74	4.76	4.73	4.74	4.68	4.34
Earnings, Yld.% (full)	11.96	11.88	11.93	11.85	11.89	11.72	9.89
P/E Ratio (net) (*)	10.19	10.26	10.21	10.28	10.25	10.39	12.23
Total bargains (Est.)	25,698	25,340	26,597	26,761	26,906	23,412	25,015
Equity turnover £m.	—	251.39	254.20	308.57	390.51	426.65	308.31
Equity bargains	—	22,426	26,395	28,667	27,660	26,969	20,023
Shares traded (ml)	—	136.8	140.8	166.7	191.6	194.7	167.8

10 am 959.4. 11 am 958.6. Noon 958.3. 1 pm 958.7.

2 pm 958.7. 3 pm 957.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-248 8026.

* Nil=9.89.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	75.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/5/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1/85)	755.3 (23/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (9/8/84)	439.5 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

	Apr. 11	Apr. 10
Daily Gilt Edged Bargains	151.9	144.5
Equities Bargains	145.5	171.0
Value	508.1	513.8
5day Average Gilt Edged Bargains	144.4	145.1
Equities Bargains	171.2	175.1
Value	559.5	671.3

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (37)

BRITISH FUNDS (7)
Treas. 3pc 1985; Exch. 2½pc 1986; Exch. 2½pc 1987; Treas. 3pc 1987; Exch 9¼pc 1998 A; Conv. 9½pc 2004; Exch. 10½pc 2005

BREWERS (1)
Devenish (J. A.)

BUILDINGS (2)
Access Satellite; Jarvis (J.)

CHEMICALS (1)
Wolstenholme Rink

STORES (6)
Bentalls; Debenhams; Empire Stores; Grattan; Menzies (J.); Stanley (A. G.)

ELECTRICALS (2)
Goring Kerr; JSD Computer

ENGINEERING (3)
Aurora Prfd. Ord.; Utd. Spring; Vickers

FOODS (1)
Fitch Lovell

INDUSTRIALS (5)
Pearson; Pentlands Inds.; Ropner; Do. A; Siebe

NEWSPAPERS (1)
Octopus Publishing

PROPERTY (3)
Gable Hse. 10¼pc Cnv. 1995/99; Grosvenor Sq.; Peel Hldgs.

OILS (1)
Osceola Hydro

MINES (4)
Cons. Modderfontein; East Rand Cons.; Aust. Cons. Minerals; Sons of Gwalia

NEW LOWS (21)

AMERICANS (1)
Home Federal

CANADIANS (2)
Barrick Resources; Hudson's Bay

BREWERS (1)
Bulmer (H. P.)

BUILDINGS (2)
Bellway; HAT

ELECTRICALS (5)
A. & G. Sec. Elects.; Bush Radio; HB Electronic Comps.; Lec Refrigeration; Pressac

INDUSTRIALS (3)
Amer Group; Anglo-African Fin.; Oldacre

LEISURE (1)
Anglia TV A

NEWSPAPERS (1)
Portsmth. & Sund'land

TEXTILES (1)
Munton Bros.

TRUSTS (1)
Newmarket

OILS (3)
Carless Capel; Intl. Petroleum; Petrogen Petroleum

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

FIXED INTEREST

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.
● Corrected figures for 10/4/1985.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 27,349

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully-paid. ‖‖ Introduction. ◆ Unlisted Securities Market. § Placing price. † Figures assumed. ‡‡ Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Pfg. share. ◉ Figures or report awaited. ‡‡ Units comprising 5 Ord., 1 Warrant and £2.50 nominal of conv. stock.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 1	Apr 19	July 11	July 22
Apr 22	May 3	July 25	Aug 5
May 7	May 17	Aug 8	Aug 19

For rate indications see end of Share Information Service

Money was given for the call of **Readicut**, **Flogas**, **North Kalgurli**, ***George Wimpey***, **Burnett and Hallamshire**, **Falcon Resources**, **Eagle Corp**, **Bula**, ***Eglinton Oil and Gas***, **Youghal Carpets**, **Commercial Union**, **Petrolex**, **STC**, **First National** ***Premier Oil*** and ***Martin Ford***. Puts were done in **Smith St Aubyn** and **Peters Stores**, while doubles were transacted in **Thorn EMI** and **Hongkong Lan**.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Brit Telecom	136	−1½
Burmah Oil	221	+15
Commercial Union	217	+4
DRG	[illegible]	[illegible]
Falcon Resources	480	+15
Fleet Holdings	276	−3
Hanson Trust	250	−3
Heath (C. E.)	610	−5
Higgs and Hill	323	+13
ICI	742	−15
Jaguar	303	+1
Pentland Inds	585	+26

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Barclays†	18	338	−2
BAT Inds	14	338	−2
New Lon. Oil	13	208	+10
Brett Hallams.	12	45	−5
Glaxo	12	£11	+¼
Tricentrol	12	252	+9
Hanson Trust	11	256	+4
ICI	11	757	−6
Smiths Inds	11	300	+13
Assoc News	10	880	+50
Jaguar	10	304	+6
Pentland Inds	10	559	+29
RTZ	10	645	+5
Thorn EMI	10	401	+8

† Nil-paid

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	84	11	12
Corpns Dom & Foreign Bonds	18	3	53
Industrials	220	310	912
Financial & Props	59	147	339
Oils	21	32	71
Plantations	—	6	11
Mines	63	21	95
Others	28	122	58
Totals	493	652	1,551

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*538)	460	80	95	107	1	4	8
	500	42	62	72	2	8	18
	550	8	23	40	23	27	35
	600	2	12	23	65	68	75

Option		Calls May	Calls Aug.
Imperial Gp. (*186)	160	31	36
	180	15	21
	200	9	14
	220	2½	7
LASMO	300	30	43

[illegible]

Apr. 11. Total contracts 7,205. Calls 4,379. Puts 2,826.
* Underlying security price.

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LONDON SHARE SERVICE

BRITISH FUNDS

1984-85 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	93	Treas 3pc 1985	99	+	3.03	12.71
102	99	Treas 11½pc 1985	99	+	11.52	12.59
99	96	Treas 8¼pcCnv '85	98½	+	8.88	12.53
104	99	Exch 12¼pc 1985	99⅞		12.25	12.15
103	99	Exch. 11¾pc '86	100	+⅛	11.75	11.68
102	96	Treas. 10pcCnv 1986	98⅝xd	+¼	10.14	11.50
94	88	Treas 3pc 1986	93⅞	+	3.20	8.95
102	96	Exch. 10½pc Cv '86	98⅞	+	10.62	11.61
104	99	Treas 12pc 1986	100	+⅛	11.98	11.77
96	93½	Treas 8¼pc 1984-86‡‡	96½		8.83	11.68
108	102	Exch. 14pc 1986	103 xd	+	13.58	11.79
90	85	Exch. 2½pc 1986	90	+	2.77	9.18
107	100	Exch. 13¼pc 1987	102	+⅛	12.93	11.64
100	94½	Treas 10¼pcCv '87	97	+	10.48	11.57
88	83	Exch 2½pc 1987	88⅝	+	2.82	9.24
101	94	Exch 10½pc 1987	98	+⅛	10.69	11.55
92	87	Funding 6½pc '85-87‡‡	91¼xd	+¼	7.08	11.18
99	92⅞	Treas. 10pc 1987	96	+	10.32	11.61

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

1984-85 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
22⅞	14½	Amer Medical Int $1	19¾	-⅛	60c	—	2.6
59¼	20⅝	Amer. Nat. Res. $1	51¼	-1¼	$1.41	—	2.3
20⅝	10⅝	American T. & T. $1	17	-¼	$1.20	—	6.0
79½	43¾	Ameritech $1	67⅞	-1	$6.00	—	7.6
25	15½	Amfacll	21⅝	-⅛	$1.44	—	5.7
47p	16½	♥AndTechl	41½p		—	—	—
18⅛	10⅛	Bankamerica $1	15⅛	-⅛	$1.52	—	8.6
60½	27½	Bankers N.Y. $10	54¼xd	-¼	$2.70	—	4.2
12½	919p	BASIX Corp	920p	-42	12c	—	—
80½	46⅞	Bell Atlantic $1	67¼	-⅛	$6.80	—	8.6
34⅛	19½	Bellsouth $1	29⅝	-¼	$2.60	—	7.6
20⅞	12	♥Beth Steel $8	14⅞		40c	—	2.4
24	11⅞	Bowater Inc.	16⅞	-⅛	72c	—	3.6
40½	19⅝	Brown'g-Fer. 16⅔c	35⅜	-⅞	$1.08	—	2.6
37¼	16⅝	Brunswick Corpn II	29⅝	-¼	$1.00	—	2.9
875p	405p	♥Business Computer	405p		—	—	—
39⅞	24¼	CPC Intnl. 25c	34¼xd	-¼	$2.20	—	5.5
25	14½	CSX Corp U.S.$1.00	19¼		$1.04	—	4.6
16¼	10½	CalFed Inc $1.00	15¼	-⅛	32c	—	1.7
65½	39⅝	Campbell Soup 60c	56¼xd	-1⅛	$2.50	—	3.8
36½	24¼	Caterpillar Tractor II	24⅝xd	-⅞	50c	—	1.7
12⅞	643p	Cenergy Corp. 25c	698p	-27	1c	—	0.1
52¼	27¼	Chase M'htn $12.5	43⅛	-⅛	$3.65	—	7.2
38¼	17⅝	Chemical New York	31½	-⅛	$2.36	—	6.4
34½	22⅞	Chesebrough-Pond's $1	26⅛	-⅛	$1.92	—	6.3
32⅛	15½	Chrysler $6¼	28⅞	-¼	$1.00	—	3.0
42¼	19⅞	Citicorp $4	36		$2.26	—	5.4
23½	14⅝	Colgate-P. $1	19½		$1.28	—	5.6
57⅛	35⅛	Colt Inds. $1	46¼	-½	$2.50	—	4.6
		For Cons Foods see Sara Lee					
156p	43½p	Cont Illinois Hldgs $1	69p	-2	—	—	—
275p	100p	♥Corporate Data Scnce.	218p		—	—	—
36⅛	20⅝	Crown Zell $5	33⅞	-⅛	$1.00	—	2.5
29⅛	9⅛	Cullinet Sftwr $0.1	22⅞	+1	—	—	—
711p	321p	Damson Oil 40c	384p	+2	—	—	—
28¼	15⅛	Data Corp. $1	22⅛	-⅛	$1.28	—	4.9
67	27½	Data General	36¼	+1⅛	—	—	—
118p	33p	♥Derma-Lock Medicl	37p		—	—	—
67	54¼	Dun & Bradstreet $1	56½	-1⅛	$1.88	—	2.8

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
[illegible]							
175	70	♥Colby Res Corp	105	.....	—	—	—
955	450	Cons. Murch. 10c	450	.....	†Q100c	1.4	10.8
40	25	♥Ennes Int. Ir10p	35	.....	—	—	—
177	73	♥Greenwich Res. Inc.	80	−5	—	—	—
252	150	Hampton Areas 10p	205	+2	3.75	2.1	2.5
260	140	♥Highwood Res.	200	+5	—	—	—
£24½	£16	Homestake Mining $1	£21¼	−⅛	Q20c	—	0.8
310	135	♥McFinley Red Lake	230	−10	—	—	—
300	101	♥Musto Explorations	280	.....	—	—	—
55	23	♥New Sabre Res. C$1	39	−4	—	—	—
375	220	Northgate C$1	375	.....	—	—	—
718	500	RTZ	647	+2	†18.0	2.7	4.0
£155½	£113½	Do. 9½pcLn '95-2000	£140½	+1	Q9½%	35.4	†6.9
£13⅝	850	♥Tara Expln $1	£13¼	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✚ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	102	.....	Arnott	173½	−1½
Craig & Rose £1	£10	.....	CPI Hldgs	58	.....
Finlay Pkg. 5p	60	.....	Carroll Inds.	111	+1
Higsons Brew	122	.....	Dublin Gas	52	.....
Holt (Jos) 25p	780	.....	Hall (R. & H.)	47½	.....
IoM Stm. £1	105	.....	Heiton Hldgs.	16½	.....
IRISH			Irish Ropes	41	.....
Exch. 12% 1985	£99⅞	+⅛	Jacob (W. & R.)	65	.....
Nat. 9¾% 84/89	£88¼	+1⅛	TMG	115	.....
Fin. 13% 97/02	£97½	+⅜	Unidare	84	.....

OPTIONS — 3-month call rates

Industrials	p		p		p
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	10	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds.	25	Brist. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	38	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk.	60	Premier	5
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	10
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	**Mines**	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met	25	Tesco	20		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

AUTHORISED UNIT TRUSTS

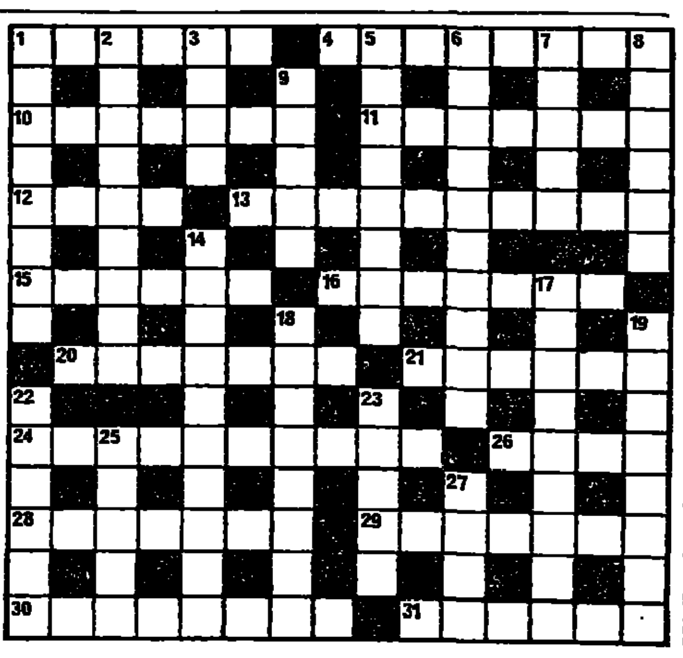
FT UNIT TRUST INFORMATION SERVICE

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2 01-588 2777 Dealing 01-638 0478/0479
Britannia Viewpoint 01 675 6666

UK Specialist Funds				
Growth Gilt Trust	51.5	52.3	+0.1	0.73
Recovery	76.2	81.3xd	-0.2	2.91
Smaller Cos.	110.2	117.5xd	+0.6	1.30
Spec. Mkt. Sits.	72.9	77.8xd	+0.6	1.35
UK Growth (Domestic)	31.3	33.4	-0.1	3.15
High Income Funds				
Extra Inc.	50.0	53.3	-0.3	8.03
Gilt	25.7	27.0		9.78
Inc & Growth	151.1	161.2	-0.5	4.72
Nat. High Inc.	141.6	151.0xd	-0.4	6.18
Pref. Shares	17.1	18.2xd		11.35

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,691



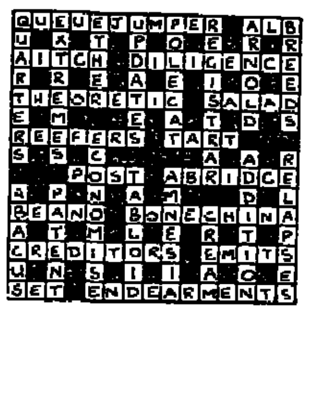
ACROSS

1 and 4 Send in M.O.—think differently? (6, 4, 4)
10 In sum, it falls each year (7)
11 Adoring unravelling knot (7)
12 Muddle people eating together (4)
13 Game pursuit for lecturer in Cambridge (10)
15 Alleviation of pain stands out (6)
16 28, or in 7? (7)
20 See forehead raised in surprise (7)
21 Philosopher's stud (6)
24 Screen diver altering stroke (5, 5)
26 Sort of tack could be right bad (4)
28 Blow he'd make, having wisdom, for example (7)
29 Growing fruit to front of garden (7)
30 Member in random search for drink (8)
31 Thin sheet? Moth's here (6)

DOWN

1 Sword of earthy material, longer (8)
2 Relative issue of fair popularity (4, 5)
3 Way of walking to entrance, we hear (4)
5 Photographer had it. Plate could have such a charge (8)
6 Forceful Heath rising is valuable keeper (10)
7 I challenged, covered in green? (5)
8 Inn I'd put round to first of gourmets for eating (6)
9 Choosy Rupert Bear takes in something sweet (5)
14 MPs cheer numbers in the club (10)
17 Mince pies exert a special skill (9)
18 Where the power passes? (8)
19 Stormed, rising under short tree in Wales (8)
22 Acid —— with one convulsive motion (6)
23 Key for kind of tower? (5)
25 Instrument in the garden (5)
27 Food? In a sec the top's off (4)

Solution to Puzzle No. 5,690



INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.94	9.67	14.25	6 mth
7-day Fnd	13.25	9.90	14.59	6 mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	13.02	9.73	14.39	6-Mth
7-day Fund	13.05	9.75	14.42	6-Mth
Dollar	7.56	—	—	6-Mth
Money Mngt. Acct.	12.625	9.62	—	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	13.50	10.09	14.91	Qtr
Mth. Int Chq.	13.25	9.90	14.80	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	12.60	9.41	14.02	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int Cheque	12.75	9.50	14.28	Qtr
Britannia Grp of Investment Companies				
29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Carey Allen	12.75	9.53	14.23	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	13.00	9.72	13.80	Mth
U.S. Dollar	8.00	5.99	8.30	Mth
German Marks	5.0	3.74	5.12	Mth
Swiss Francs	3.00	1.50	2.03	Mth
Japanese Yen	5.00	3.74	5.12	Mth
Co-operative Bank				
78-80 Cornhill EC3 01-626 6543 Ex 464				
Under £1,000	11.0	8.22	12.11	Qtr
Over £1,000	13.00	9.73	14.40	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	13.50	10.09	15.23	Qtr
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	12.60	9.41	14.02	Mth
Lombard North Central PLC				
17 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	13.125	9.81	14.01	—
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 51651				
H I C A	12.60	9.42	14.07	Daily
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	13.04	9.75	14.67	Qtr
Provincial Trust (formerly Choulartons)				
30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	13.50	10.09	15.41	Mth
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB. 0708 66966				
High. Int. Bk. Acc.	12.40	9.27	14.10	Daily
Premier Acc.	12.40	9.27	14.10	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	12.80	9.57	14.38	Qtr
Money Acc.	12.87	9.62	14.47	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc.	12.50	9.34	14.19	Mth
Over £10,000	12.75	9.53	14.50	Mth

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

COMMODITIES AND AGRICULTURE

Sterling's surge sends metals down sharply

BY JOHN EDWARDS, COMMODITIES EDITOR

BASE METAL prices fell sharply on the London Metal Exchange yesterday afternoon as sterling surged against the dollar. The three months price of higher grade copper, after reaching a high of £1,224, fell back to close £19.75 down at £1,212.5 a tonne, declining further in after hours trading to £1,205.

Traders said the opening trend on the New York copper market was disappointing, with values there only marginally higher. The rise in gold was also viewed as modest in view of the fall in the value of the dollar.

Aluminium, nickel and zinc also suffered currency losses on the London market although holding firm in dollar terms. Lead, however, was hit by further reports of shipments from U.S. producers to Europe relieving the recent shortage of immediately available supplies.

As a result cash lead dropped £21.5 to £312.5 a tonne moving to a discount below the three months quotation, which lost £9.25 to £314. It is believed the U.S. supplies were attracted by the relatively high prices in Europe compared with the U.S. Asarco yesterday cut its domestic selling price for lead by 1 cent to 20 cents, rescinding the increase announced earlier

In spite of today's losses, the scene is set for a possible rise in metal prices to a significantly higher level by the end of the year, according to the latest issue of Metals Analysis and Outlook.

It claims that in virtually all respects, the metal market performances of recent years have been a re-run of those preceding the 1979-80 price boom.

If this similarity continues then by the year end the supply/demand fundamentals will support much higher prices, the report adds. All that will then be missing is the "trigger" for increased speculative activity. This could come from development in the foreign exchange markets now the long awaited depreciation of the dollar appears to have begun.

Coffee futures prices reach lowest level in 10 months

STERLING'S STRENGTH against the dollar yesterday helped coffee prices on the London futures market to their lowest level since last June.

Early losses were trimmed as the pound retreated around midday but renewed sterling strength towards the close sent prices down again. The July futures position ended the day £52.50 down at £2,156.50 a tonne after slipping to £2,153 at one stage.

The fall came as producer members of the International Coffee Organisation (ICO) started two days of talks in London aimed at avoiding a clash with consumers over exports to non-members.

At next week's full council session ICO will make available its statistics on exports to members as well as non-members for the six months to the end of March.

ICO consumers are expected to renew their call to producers to reduce exports to non-members and to narrow the gap between prices paid on member and non-member markets.

They are also likely to reiterate concern over shipments falling short of the amount exporters are entitled to ship under ICO quotas.

Major coffee producers such as Brazil will probably repeat their view that undershipments are inevitable given the large overall quota allocation

Soviets hit back in whaling row with U.S.

By Our Commodities Staff

TASS, the official Soviet news agency, has accused the U.S. of waging a political campaign over Soviet violation of whaling quotas, which has led the U.S. to halve Soviet fishing rights in American waters.

Tass said Soviet whaling practices did not threaten whales with extinction.

But Mr Malcolm Baldrige, U.S. Commerce Secretary, said last week the Soviet harvest of 2,043 minke whales in waters *off Antarctica exceeded the* Soviet quota of 1,941 whales established by the International Whaling Commission for the November-March season. He said he would therefore halve Soviet fishing rights in U.S. waters. For the first six months of 1985, the Soviets had been granted a quota of 22,000 tonnes of fish.

Meanwhile U.S. officials said yesterday that the grey whale pupulation had increased so much it might be taken off the endangered species list, clearing the way for limited hunting.

Mr Steve Reilly, population biologist for the National Marine Fisheries Service, said the population now stood at 16,000 to 18,000 and was increasing by 2 to 4 per cent a year.

● The U.S. should stop harvesting fur seals on the Pribilof Islands in the North Pacific, a presidential advisory panel says.

A sharp drop in the value of seal pelts has resulted in the U.S. Government having to subsidise the seal harvest, according to the study by the National Advisory Committee on Oceans and Atmosphere.

Commercial sealing cost the U.S. Government more than $1m last year, the report said.

● AGRICULTURE officials in the U.S. have imposed a quarantine on a 110 square-mile area north of Miami because of a new invasion of Mediterranean fruit flies in Florida's citrus groves.

● INDIA'S Food Ministry has lifted a ban on flour mills buying wheat from private traders and farmers, Mr Rao Birendra Singh, Food Minister, said.

The mills had been previously allowed to buy only from government marketing agencies.

Spain threatens Jerusalem's biggest export produce market, reports Ivo Dawnay

Bigger EEC means harrowing time for Israeli farmers

THE EEC's talent for sowing turmoil among the world's farming communities is currently reaping a fine crop of righteous indignation from the land of milk and honey.

Though other Mediterranean trading partners—most noticeably those in North Africa—are also increasingly uneasy, it is from Israel that the clamour for justice and fair play is most audible.

The issue provoking the outcry is the impact of Spain's entry to the EEC, now due on January 1.

Understandably, perhaps, Israel has been worrying more than most. European markets *have long been its incentive to* make the desert bloom. More than half the country's farm output is for export, and of this over 90 per cent—worth more than $500m last year—goes to the EEC.

Both geographical and political constraints rule out any major development of other outlets. Yet farm produce is the country's second largest export earner (after cut diamonds) and more than 60,000 farmers, plus packers, processors and allied industrial jobs depend on it

Consequently, the revision of the 1975 co-operation agreement on Israel-EEC trade, required the enlargement deal, while only a subsidiary issue in the Community's collective mind has already inspired two European tours by Mr Yitzhak Shamir, the foreign minister, and President Chaim Herzog.

New proposals for revising partnership terms for all the EEC's Mediterranean associates will be negotiated in the autumn.

But so far, all Israel has for comfort is a bland statement from the Brussels' heads of government summit last month expressing the desire that the entry of Spain and Portugal does not disturb current patterns of trade. That will come as little joy to a country which already suffers an annual $1.7bn trading deficit with the Ten.

Under existing trade terms, the most competitive Israeli produce faces a 20 per cent tariff, though this is reduced for certain products (to 8 per cent for oranges, for example).

In addition, imports to the EEC must be retailed at a minimum "reference" price, set annually by the Commission at a substantially higher level than the floor price at which surplus EEC produce is withdrawn from the market.

Israel has responded with more radical proposals. These include calls for:

● Guaranteed duty-free access for all products including some not covered in the 1975 deal.

● Assurances that items now exempt from reference prices will remain so, plus confirmation that it will be consulted on the assessment of price levels.

● *Abolition of import restrictions* by some EEC countries on specific products at certain seasons, plus an extension of the off-season periods when Israeli goods enjoy tariff concessions.

● Consultation over EEC use of export refunds to sell into third countries, thereby jeopardising potential Israeli sales.

Such a programme seems far too ambitious for competitor countries such as Greece and Italy which favour simple cash compensation rather than trade concessions. But this is anathema to Jerusalem which prefers to have its hand-outs from the U.S. and its markets from Europe.

The likely outcome is some kind of combined trade-aid package—nodding to the more parsimonious northern countries desire for freer trade, accepting some Israeli demands, but also allowing the Commission maximum room for manoeuvre in the various product sectors.

Israel, and her Mediterranean colleagues, have little leverage beyond underlining that the *region accounts for a stable* EEC trade surplus worth Ecu 10bn (£6bn) a year or 10 per cent of its external trade. Its economic health therefore matters.

Jerusalem fears, with some justification, that Spain's rapidly expanding fruit and vegetable industry, which shares similar harvesting seasons, will squeeze it out of the market as tariff barriers are phased out.

New products and markets—avocados, cut flowers and mangoes, for example—which it has been cultivating at the EEC's urging—will simply be reproduced by Spain, which also benefits from proximity to the market place.

Most seriously, Israeli farmers fear that the new voting power of Mediterranean countries in Community meetings will lead to restrictions on produce currently allowed free access.

The Commission's response is to offer some flexibility in reference prices, usually set once yearly. This would at least restore some equity to a system first introduced to prevent dumping but now clearly a restraint to trade.

The price for this, however, would be agreement from the trading partners to ceilings on the tonnages of products eligible for less rigid minimum price levels.

Furthermore, both sides have a powerful motive to reach a quick deal. For if they linger on after January 1, Spain too will be involved in the talks.

Soviet grain crop 'in good shape'

BY OUR COMMODITIES STAFF

THE SOVIET UNION'S 1985 winter grain crop — mostly wheat—is in generally good shape, according to the U.S. Department of Agriculture (USDA), but a late spring could mean some problems before the summer harvest, it warned.

The department said in its monthly report conditions were relatively favourable last autumn and 35m hectares of winter grains were sown. This was about a million hectares more than in the previous years.

However, the report said this spring was about two weeks late, which could delay development of the plants, causing them to be in the crucial reproductive stage at a time when temperatures are normally quite high.

The Soviet Union has been buying large amounts of U.S. grain, primarily maize, to make up for previous short harvests.

"Although the winter was bitterly cold, no more than average winterkill (of wheat and other crops) should have occurred, because unusually heavy snow cover protected the plants," the report said.

The department will not forecast 1985 Soviet grain output until next month. However, the report revised the 1983 Soviet harvest estimate to 190m tonnes, down 5m from its previous forecast. The 1984 Soviet harvest prediction was unchanged at 170m tonnes, although the mix of grains was revised somewhat.

Russia is expected to purchase 19.9m tonnes of maize from the world market in 1984-85, up from 18.4m tonnes previously estimated and 8.7m a year, the USDA said.

It left its estimate of Soviet grain imports unchanged at 52m tonnes, of which it thought 26m tonnes would be wheat, 25m tonnes coarse grains, and 1m tonnes miscellaneous grains.

● West Germany's Minister of Agriculture, Herr Ignaz Kiechle, indicated in a recent speech a solution to wheat surpluses would be easy if grain did not have to compete with imported substitutes, the USDA noted in its weekly world production and trade report.

The minister identified the substitutes as manioc, maize gluten feed, citrus pellets, bran, soyabean meal and cottonseed expeller.

The USDA said EEC government officials had indicated that legislation prescribing minimum grain contents may be necessary if other measures did not stimulate the use of feed wheat.

● In Paris yesterday, M Henri Nallet, France's new Agriculture Minister, urged West Germany to stop blocking negotiations to fix 1985-86 EEC farm prices.

EEC wheat mountain set to top 16m tonnes

BY IVO DAWNAY IN BRUSSELS

EEC WHEAT stocks may top 16m tonnes by September—the end of this marketing year—according to Coceral, the Community's principal organisation for the grain trade.

The figure assumes that about 5m tonnes of wheat will remain on the free market, to be added to 11.4m tonnes of milling and animal feed wheat now in stock. To this must be added about 1.8m tonnes of barley.

This is a gloomy prospect for EEC cereals managers, who have seen the last two years' bumper harvests push annual carry-over stocks up dramatically from an average 5m to 6m tonnes.

Unconfirmed reports in Brussels recently have said the Soviet Union has agreed to buy a further 700,000 tonnes of wheat from the Community, but 400,000 tonnes of this would not be delivered until the new harvest in August.

Meanwhile, markets for the EEC surplus are expected to decline. Yesterday the cereals management committee accepted export tenders for 292,000 tonnes of wheat, the bulk for France, but with a high EEC subsidy of Ecu 35.99 a tonne.

This represents an Ecu 3.5 increase on last week's export restrictions, for 390,000 tonnes, and is a massive rise on the near zero subsidies offered but frequently rejected, when buying on the world market was most active last autumn.

LONDON MARKETS

INDIA'S state trading corporation yesterday confirmed that it had signed contracts in the past six weeks to import 400,000 tonnes of white sugar for shipment by June. Mr P. C. Luther, the corporation's chairman, said he hoped further purchases on the world market would not be necessary this year but he said much would depend on the level of domestic production.

India held a buying tender yesterday for six cargoes of white sugar (around 70,000 tonnes) but received offers totalling 34 cargoes. This tended to depress the world market but on the London futures market, which trades in dollar terms, the strength of the pound resulted in modest price gains.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Apr. 11 1985	+ or —	Month ago
Aluminium	£1100	....	£1100
Free Mkt	$1150/60	+5	$1110/130
Copper			
Cash h Grade	£1204.5	—19.0	£1258.5
3 mths	£1212.5	—19.75	£1277.75
Gold troy oz	$331.25	+3.0	$293.3
Lead Cash	£312.5	—21.5	£314
3 mths	£314	—9.25	£323.25
Nickel			
Free Mkt	240/270c	—5.0	230/260c
Palladium oz	$116.80	+2.20	$110.75
Platinum oz	$299.25	+10.5	$249.75
Quicksilver†	$280/290	—5.0	$290/300
Silver troy oz	542.05p	—6.75	513.35p
3 mths	568.35p	—7.25	530.15p
Tin cash	£9795	—42.5	£10,145
3 mths	£9785	—62.5	£10,142.5
Tungsten	$77.70	....	$76/65
Wolfram 22 04lb	$74/78	—0.5	$75/78
Zinc	£718	—11.25	£825
3 mths	£722.5	—11.25	£799.5
Producers	$950	....	$900/940

OILS	Apr. 11 1985	+ or —	Month ago
Coconut (Phil)	$840v	—20	$905
Palm Malayan	$650y	+15	$620
SEEDS			
Copra Phil	$500w	—5.0	$530
Soyabean (U.S.)	251.25x	—0.95	$244.75
GRAINS			
Barley Fut. Sep	£98.85	—0.05	£117.40
Maize	£151.5v	—	£148.00
Wheat Fut. July	£124.75	—0.20	£115.35
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. July	£1921.5	—33.0	£2092.5
Coffee Ft. July	£2156.5	—52.5	£2429
Cotton A Index	66.95c	—2.05	66.75c
Gas Oil May	$227.5y	—0.25	$223.75
Rubber (kilo)	68p	+1.0	69.5p
Sugar (raw)	107w	+1.0	$108
Wooltops 64s	475pkilo	—15.0	522pkilo

‡ Unquoted w April-May. x April. y May. v March-April. † Per 76-lb flask. c Cents a pound.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1214.5	—11.7	1204.5	—19

ALUMINIUM

Alumn'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	890 1	—19	884.5-5.5	—18.5
3 months	917 8	—20.2	911.5-2	—19.5

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	4395-400	—92.5	4335-40	—122†
3 months	4355-60	—91.5	4340-5	—82.5

TIN

LEAD

ZINC

GOLD

SILVER

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

GRAINS

COCOA

COFFEE

POTATOES

PIGMEAT

COTTON

OIL

SPOT PRICES

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RUBBER

SOYABEAN MEAL

SUGAR

PARIS

U.S. MARKETS

Heating oil was basically unchanged as the market waited for the release of the latest industry distillate stocks, reports Heinold Commodities. Indications were that a further draw-down was likely. Precious metals advanced slightly late in the day mostly on arbitrage positions off the higher currencies. Coffee declined slightly going into the close following a strong opening. Profit taking by Commission Houses and trade hedging was responsible for the late setback. Aluminium traded moderately lower most of the day on steady long liquidation. Sugar moved higher as news of extended discounts by Brazil attracted speculative buying. Cocoa traded nominally higher on light support triggered by concern about tight nearby supplies. Cotton declined sharply on rumours of a prospective increase in certified stocks and on reports of a decline in the will demand.

● These are Wednesday's prices. Yesterday's were not available for this edition.

NEW YORK

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
May	68.92	69.90	68.85	69.95
July	67.55	68.10	67.45	68.22
Oct	65.80	65.95	65.75	65.90
Dec	65.66	66.90	65.65	65.81

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
April	63.32	64.20	63.30	64.20
June	65.52	66.10	65.40	65.10

OTHER MARKETS

WOOL FUTURES

MEAT

ROTTERDAM

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling at eight month high

Sterling rose to its best level since August last year in currency markets yesterday, helped by a weaker dollar and suggestions that UK interest rates were unlikely to fall significantly in the near term. Its exchange rate index rose to 78.2 at the close, up from an opening level of 77.5 and Wednesday's close of 77.3. Against the dollar it rose to $1.2480 up from $1.2160, its best level since last November.

Against the D-mark it rose to DM 3.8375 from DM 3.8025 and Y314.5 compared with Y309.0. It was also higher in terms of the Swiss franc at SwFr 3.2450 from SwFr 3.22 and FFr 11.7250 from FFr 11.58.

The dollar finished on a weaker note, following a large fall of 1.9 per cent in U.S. retail sales in March and signs that the U.S. economy was showing signs of a diminishing rate of growth. This prompted a general switch out of dollars although the situation remained far from clear ahead of the release of U.S. money supply figures, due after the close of business in London.

The dollar closed at DM 3.0765, its worst level since early December last year and down from DM 3.1345 on Wednesday. Elsewhere it slipped to SwFr 2.5990 from SwFr 2.6485 and Y251.90 compared with Y254.30. It was also lower against the French franc at FFr 9.3950 from FFr 9.56. On Bank of England figures, the dollar's exchange rate index fell from 147.4 to 146.0.

A level of DM 3.08 was suggested as a downward resistance level and also that the market tended to test the strength of this figure in later trading.

Meanwhile, several U.S. economic statistics are due for release over the next week and these should provide some further indication as to the performance of the U.S. economy. Background factors adding to the dollar's bearish sentiment included feelings that the *Federal authorities' scope for* increasing interest rates had been inhibited to some extent by further problems experienced in the U.S. banking sector.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 3.0765. March average 3.2972. Exchange rate index 122.0 against 120.5 six months ago.

Fears about a slowdown in the pace of U.S. economic growth, underlined by disappointing U.S. retail sales figures, pushed the dollar sharply weaker in Frankfurt yesterday. It was fixed at DM 3.1000 down from DM 3.1418 and there was no intervention by the Bundesbank. It closed at DM 3.0835 down from DM 3.13 on Wednesday while sterling rose to DM 3.8425 up from DM 3.8050 previously.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.9918	+0.20	+0.32	±1.5522
Danish Krone ...	8.14104	8.01205	−1.58	−1.46	±1.6419
German D-Mark	2.24184	2.23588	−0.27	−0.15	±1.1476
French Franc ...	6.87456	6.82415	−0.73	−0.61	±1.3669
Dutch Guilder...	2.52595	2.52619	+0.01	+0.13	±1.5171
Irish Punt	0.72569	0.714113	−1.60	−1.48	±1.6703
Italian Lira	1403.49	1430.43	+1.92	+1.92	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	April 11	prev. close
£ Spot	$1.2450-1.2850	$1.2185-1.2208
1 month	0.48-0.46pm	0.46-0.43pm
3 months	1.23-1.18pm	1.18-1.16pm
12 months	1.98-1.85pm	2.00-1.95pm

Forward premiums and discounts apply

STERLING EXCHANGE RATE INDEX

	April 11	Previous
8.30 am	77.5	76.9
9.00 am	77.6	76.7
10.00 am	77.8	76.8
11.00 am	77.8	76.7
Noon	77.8	76.9
1.00 pm	77.7	76.9
2.00 pm	78.0	76.8
3.00 pm	78.2	77.2
4.00 pm	78.2	77.3

POUND SPOT—FORWARD AGAINST POUND

April 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2180-1.2520	1.2475-1.2485	0.45-0.42c pm	4.18	1.18-1.13pm	3.70
Canada	1.6850-1.7170	1.7015-1.7065	0.42-0.33c pm	2.64	1.14-1.00pm	2.51
Nethlnd	4.30½-4.37	4.33-4.34	2¼-2c pm	5.88	6¼-5⅞pm	5.59
Belgium	76.73-77.83	77.20-77.30	22-17c pm	3.03	57-48 pm	2.72
Denmark	13.68¾-13.80½	13.76½-13.77½	3½-2ore pm	2.40	10¾-9½pm	2.89
Ireland	1.2180-1.2293	1.2260-1.2270	0.05p pm-0.11dis	−0.29	0.20pm-.23d	−0.05
W Ger.	3.81-3.85¾	3.83¾-3.84¾	2¼-2¼pf pm	7.23	6½-6¼pm	6.64
Portugal	212½-220½	215½-219½	165-535c dis	−19.31	535-1540d	−19.08
Spain	213¾-215½	214¼-314¾	5-40c dis	−1.26	35-85dis	−1.21
Italy	*2,436¾-2,475½*	*2,454½-2,455½*	*par-4lire dis*	*−0.98*	*9-14dis*	*−1.87*
Norway	11.00-11.11	11.08½-11.09½	½ore pm-1 dis	−0.34	1pm-½dis	−0.99
France	11.63¾-11.78¾	11.72-11.73	2½-2¼c m	2.43	6½-5½pm	2.00
Sweden	11.06-11.22	11.18½-11.19½	par-1½ore dis	−0.74	1pm-½dis	−0.11
Japan	310¾-316	314-315	1.80-1.70y pm	6.87	5.10-4.90pm	6.36
Austria	26.75-27.15	26.94-27.04	13¾-12gro m	5.72	38½-35½pm	5.53
Switz.	3.21½-3.25¾	3.24-3.25	2½-2c pm	7.63	5¾-5¾ pm	7.01

Belgian rate is for convertible francs. Financial franc 78.05-78.15.

Six-month forward dollar 1.85-1.80c pm. 12-month 2.12-1.97c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2190-1.2520	1.2475-1.2485	0.45-0.42c pm	4.18	1.18-1.13pm	3.70
Ireland†	1.0020-1.0180	1.0170-1.0180	0.43-0.33c pm	4.51	1.10-0.80pm	3.75
Canada	1.3657-1.3710	1.3660-1.3670	0.16-0.19c dis	−1.53	0.39-0.44dis	−1.21
Nethlnd.	3.4720-3.5270	3.4740-3.4750	0.51-0.48c pm	1.70	1.71-1.68pm	1.94
Belgium	61.85-62.82½	61.86-61.96	6-7c dis	−1.23	15-17dis	−1.01
Denmark	10.99½-11.20¾	11.02¼-11.02¾	1¼-1½ore dis	−1.82	1¾-2¼dis	−0.72
W. Ger.	3.0670-3.1300	3.0760-3.0770	0.79-0.74pf pm	2.96	2.30-2.25pm	2.94
Portugal	173-175	173-174½	200-500c dis	−24.14	600-1400d	−22.89
Spain	171.70-173.90	172.10-172.40	60-70c dis	−4.51	185-210dis	−4.56
Italy	*1,966½-1,993½*	*1,966½-1,967½*	*9½-10lire dis*	*−5.90*	*28-28¾dis*	*−5.73*
Norway	8.87-9.01	8.88¼-8.88¾	3-3½ore dis	−4.36	8-8½dis	−3.63
France	9.38½-9.52¾	9.39¼-9.39¾	1.40-1.50c dis	−1.84	4.10-4.40dis	−1.80
Sweden	8.95-9.03¾	8.96¾-8.97¼	3½-4ore dis	−5.00	9¾-10¼dis	−4.54
Japan	251.65-254.05	251.85-251.95	0.58-0.54y pm	2.68	1.72-1.67pm	2.68
Austria	21.60-21.96	21.65-21.70	3½-2¼gro pm	1.72	10¾-8¼pm	1.79
Switz.	2.5880-2.6480	2.5985-2.5995	0.83-0.77c pm	3.66	2.23-2.17pm	3.36

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 62 55-62 65.

OTHER CURRENCIES

Apr. 11	£	$		£ Note Rates
Argentina Peso..	459.50-460.50	369.37-369.67	Austria	26.70-27.00
Australia Dollar.	1.8575-1.8615	1.4865-1.4890	Belgium	77.00-77.75
Brazil Cruzeiro...	5,734-5,767	4,610-4,630	Denmark	13.62-13.75
Finland Markka.	8.0055-8.0435	6.4370-6.4480	France	11.61-11.72
Greek Drachma.	165.18-168.84	134.29-137.10	Germany	3.80½-3.84½
HongKong Dollar	9.6900-9.7100	7.7945-7.7965	Italy	2425-2460
Iran Rial	115.40*	93.80*	Japan	312-316
KuwaitDinar(KD)	0.3745-0.3755	0.30125-0.30148	Netherlands	4.30-4.34
Luxembourg Fr.	77.20-77.30	61.85-61.95	Norway	10.97-11.07
Malaysia Dollar	3.0800-3.0900	2.4775-2.4875	Portugal	209-223
New Zealand Dlr.	2.7800-2.7400	2.1785-2.1880	Spain	206½-215½
Saudi Arab Riyal	4.4885-4.4975	3.6065-3.6095	Sweden	11.05-11.16
Singapore Dollar	2.7500-2.7600	2.2120-2.2170	Switzerland	3.21½-3.24½
Sth African Rand	2.4130-2.4310	1.9120-1.9178	United States	1.22½-1.24½
U.A.E. Dirham	4.5630-4.5740	3.6720-3.6730	Yugoslavia	305-350

* Selling rate.

CURRENCY MOVEMENTS

Apr. 11	Bank of England Index	Morgan Guaranty Change %
Sterling	78.2	−11.2
U.S. dollar	146.0	+31.5
Canadian dollar	88.1	−6.6
Austrian schilling	112.4	+3.1
Belgian franc	89.3	−10.6
Danish Kroner	77.7	−5.8
Deutsche mark	122.0	+6.9
Swiss franc	138.9	+7.5
Guilder	112.1	+3.0
French franc	64.9	−15.4
Lira	45.3	−17.2
Yen	184.4	+11.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.801249	0.594012
U.S. $	8	0.988661	0.721254
Canadian $	10.65	*	0.988479
Austria Sch.	4½	21.5202	15.6945
Belgian Fr	11	61.7320	44.9918
Danish Kr	7	10.9692	8.01205
Dmark	4½	3.06485	2.23589
Guilder	5½	3.46625	2.52619
French Fr	9½	9.35520	6.82415
Lira	15½	1960.51	1430.43
Yen	5	251.367	182.405
Norway Kr.	8	8.83566	6.45270
Span'h Pta.	—	171.038	124.777
Swedish K.	9	8.89548	6.48949
Swiss Fr.	4	2.58881	1.88572
Greek Dr'ch	20½	133.568	97.3765
Irish Punt	12¾	0.978872	0.714113

* CS/SDR rate for April 10 1.35069.

EXCHANGE CROSS RATES

April 11	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.248	3.838	314.5	11.73	3.245	4.335	2455.	1.704	77.25
U.S. Dollar	0.801	1.	3.077	251.9	9.395	2.599	3.475	1967.	1.365	61.90
Deutschemark	0.261	0.325	1.	81.95	3.055	0.846	1.130	639.7	0.444	20.13
Japanese Yen 1,000	3.180	3.968	12.20	1000.	37.28	10.32	13.78	7806.	5.418	245.6
French Franc 10	0.853	1.064	3.273	268.2	10.	2.768	3.697	2094.	1.453	65.88
Swiss Franc	0.308	0.385	1.183	96.92	3.613	1.	1.336	756.5	0.525	23.81
Dutch Gilder	0.231	0.288	0.885	72.55	2.705	0.749	1.	566.3	0.393	17.82
Italian Lira 1000	0.407	0.508	1.563	128.1	4.776	1.322	1.766	1000.	0.694	31.47
Canadian Dollar	0.587	0.732	2.252	184.6	6.881	1.904	2.544	1441	1.	45.33
Belgian Franc 100	1.294	1.616	4.968	407.1	15.18	4.201	5.618	3178.	2.206	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	13-13⅛	8¾-8⅞	9¾-10¼	6⅞-7	3⅛-3⅛	5½-5½	10⅜-10½	13⅛-14½	9¾-10¼	10-10¼	6-6⅛	10⅛-10⅝
7 day's notice	13-13⅛	8⅞-8⅞	9¾-10¼	6⅞-7	2⅝-2⅞	5½-5½	10⅝-10½	14-15	10-10¼	10-10¼	6-6⅛	10¼-10¾
Month	12⅞-13⅛	8⅝-8¾	9⅞-10⅛	6⅞-7	5⅛-5⅛	5¾-5⅞	10⅛-10⅜	14⅛-14⅝	9¾-10	9¾-10	6⅛-6⅛	10⅜-10⅞
Three months	12¾-12⅞	8⅞-8⅞	9⅞-10⅛	6⅞-7	5⅛-5⅛	5⅞-6	10⅝-10¾	14⅜-14⅞	9⅞-10⅛	9⅞-10⅛	6¼-6⅜	10¼-10¾
Six months	12⅝-12½	9⅛-9⅛	10¼-10⅛	6⅞-7⅛	5⅛-5⅛	6⅛-6⅛	11-11⅛	14¾-15⅛	10-10¼	10⅛-10⅜	6⅛-6⅛	10¼-10¾
One year	12⅛-12⅛	9⅞-10	10⅛-10⅛	7-7½	5⅜-5½	6¼-6⅜	11⅛-11¾	15-15½	10⅜-10⅝	10¼-10½	6⅛-6⅛	10½-11

Asian $ (closing rates in Singapore): Short-term 8$\frac{11}{16}$-8$\frac{13}{16}$ per cent; seven days 8$\frac{11}{16}$-8$\frac{13}{16}$ per cent; one month 8$\frac{13}{16}$-8$\frac{15}{16}$ per cent; three months 8⅞-9 per cent; six months 9¼-9⅜ per cent; one year 9$\frac{15}{16}$-10$\frac{1}{16}$ per cent. Long-term Eurodollars: two years 11-11⅛ per cent; three years 11¼-11⅜ per cent; four years 11⅝-11⅞ per cent; five years 11⅞-12⅛ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen, others two days' notice.

FINANCIAL FUTURES

Sharp rise

Dollar denominated interest rate contracts rose sharply on the London International Financial Futures Exchange yesterday. June Eurodollars opened weaker at 90.47, but there was good buying at this level, which proved to be the low of the day. Selling developed at around 90.50, but the market was still trading around 90.50-90.53 immediately ahead of the U.S. March retail sales figures. These were expected to show a rise of about 0.5 per cent to 0.7 per cent, roughly half the February increase. But when the published figure recorded a fall of 1.9 per cent, against a revised February rise of 1.6 per cent, the market became very hectic, taking the contract up to a peak of 90.72. Dealers commented that Eurodollars then tended to be dragged down as U.S. Treasury bond futures came off the day's high, and closed at 90.70 compared with 90.56 on Wednesday.

The retail sales announcement outweighed fears of a large rise in weekly U.S. M1 money supply, with dealers suggesting the recent rise in money supply should be even higher, but for technical factors.

June Treasury bonds also rose sharply on the fall in retail sales, closing at 70-25 against 70-05 previously.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	90.70	90.72	90.47	90.56
Sept	90.13	90.13	89.86	89.95
Dec	89.65	89.65	89.38	89.49
March	89.25	89.25	89.00	89.10
June	88.94	—	—	88.79

Est volume 5,266 (7,145)
Previous day's open int 16,476 (16,223)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	88.19	88.21	88.03	88.03
Sept	88.92	89.06	88.83	88.92
Dec	89.05	89.11	88.95	89.10
March	89.15	89.15	89.05	89.15
June	89.15	89.15	89.05	89.15

Est volume 1,857 (1,610)
Previous day's open int 5,687 (6,066)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	106-27	106-31	106-17	106-24
Sept	110-21	—	—	110-12
Dec	110-23	—	—	110-14
March	110-12	—	—	110.03

Est volume 2,110 (2,263)
Previous day's open int 2,819 (2,967)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −24 to −12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2368	1.2415	1.2220	1.2140
Sept	1.2295	1.2295	1.2130	1.2070
Dec	1.2265	—	—	1.2040

Est volume 169 (429)
Previous day's open int 6,506 (6,703)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3258	0.3269	0.3235	0.3218
Sept	0.3284	—	—	0.3245

Est volume 76 (29)
Previous day's open int 233 (226)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3865	—	—	0.3807

Est volume nil (nil)
Previous day's open int 157 (157)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3985	—	—	0.3954
Sept	0.4014	—	—	0.3985

Est volume nil (nil)
Previous day's open int 559 (559)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	127.20	127.70	126.85	127.55
Sept	127.95	—	—	128.30

Est volume 261 (139)
Previous day's open int 1,118 (1,118)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	70-25	70-28	70-00	70-05
Sept	69-25	69-28	69-25	69-05

Est volume 1,961 (1,196)
Previous day's open int 3,300 (3,041)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	70-24	70-25	70-17	70-05
Sept	69-25	69-26	69-17	69.05
Dec	68-29	68-31	68-26	68-11
March	68-05	68-05	68-00	67-17
June	67-12	67-13	67-10	66-27
Sept	66-23	66-25	66-22	66.07
Dec	66-07	66-07	66-04	65-21
March	—	—	—	65-05
June	—	—	—	64-23
Sept	—	—	—	—
Dec	—	—	—	63-30

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.78	91.78	91.65	91.61
Sept	91.30	91.30	91.08	91.07
Dec	90.84	90.84	90.67	90.64
March	90.48	90.48	90.33	90.30
June	90.16	90.16	90.12	90.03
Sept	89.89	89.89	89.88	89.80
Dec	89.64	89.64		89.57
March	89.41	89.41	—	89.37

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.10	91.10	91.00	90.89
Sept	90.50	90.50	90.40	90.26
Dec	89.97	89.97	89.89	89.73
March	—	89.50	—	89.33

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	90.69	90.70	90.50	90.47
Sept	90.11	90.12	89.87	89.84
Dec	89.60	89.60	89.36	89.34
March	89.19	89.19	88.98	88.94
June	88.80	88.80	88.76	88.61
Sept	—	—	—	88.33
Dec	88.19	88.19	—	88.07
March	—	—	—	87.82

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.2345	1.2430	1.2300	1.2105
Sept	1.2280	1.2360	1.2250	1.2035
Dec	1.2250	1.2335	1.2200	1.2015
March	—	—	—	1.2265
June	—	—	—	—
Sept	—	—	—	1.2505

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	69-27	69-27	69-21	69-17
Sept	69-03	69-03	68-31	68.28
Dec	—	—	—	68-06
March	—	—	—	—
June	—	—	—	67-04
Sept	—	—	—	66-22

FT-CITY COURSE

18 April - 6 June 1985

Over 3,500 managers and trainees for some 80 organisations representing all sectors of finance and industry have attended this Course arranged jointly by the Financial Times and the City University Business School.

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Stephanie Dewey, Financial Times Conference Organisation
Minster House, Arthur Street, London EC3R 9AX
Telephone: 01-621 1355 - Telex: Lond n 27347 FTCONF G

MONEY MARKETS

Thoughts turn to lower base rates

The strength of sterling on the foreign exchanges encouraged a significant fall in London money market rates yesterday, and speculation about an early cut in clearing bank base rates. A fall of the dollar on much lower-than-expected U.S. March retail sales led to increased demand for the pound, and offset any disappointment at Wednesday's UK money supply figures. Three-month sterling interbank fell to 12$\frac{11}{16}$-12$\frac{13}{16}$ per cent at the close from 12$\frac{15}{16}$-13$\frac{1}{16}$, while discount houses buying rates for three-month bank bills declined to 12¼ per cent from 12$\frac{7}{16}$ per cent.

Dealing spreads on bills tended to widen as houses showed reluctance to sell bills on hopes of lower interest rates. It is now anticipated that the next move will not merely bring all the banks into line at 13 per cent but will involve base rates of 12¾ per cent or 12½ per cent. On the forecast shortage the Bank of England underhelped the market, but dealers suggested this may have been because the shortage was not with the houses rather than representing any restraining signal.

UK clearing banks base lending rate 13-13½ per cent since April 3

The Bank of England forecast a market shortage of £750m and provided total help on the day of £640m. An early round of assistance was provided, when the authorities bought £46m bills outright, by way of £11m bank bills in band 1 (up to 14 days maturity) at 12¾ per cent; £31m banks bill in band 2 (15-33 days) at 12¾ per cent; and £4m bank bills in band 3 (34-63 days) at 12¾ per cent.

Before lunch further help of £459m was given, including £106m bills purchased outright, through £57m bank bills in band 1 at 12¾ per cent; £25m bank bills in band 2 at 12¾ per cent; £2m Treasury bills in band 3 at 12⅝ per cent; and £22m bank bills in band 3 at 12⅝ per cent. Another £353m bills were bought for resale to the market on May 9 at 12⅝ per cent.

In the afternoon another £120m bills were purchased outright, by way of £18m bank bills in band 1 at 12¾ per cent; £87m bank bills in band 2 at 12¾ per cent; and £15m bank bills in band 3 at 12⅝ per cent.

Late assistance of £15m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £406m, with the unwinding of repurchase agreements absorbing £363m; a rise in the note circulation £15m; and bank balances below target another £80m. These were partly offset by Exchequer transactions adding £125m to liquidity.

MONEY RATES

April 11	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.65-5.75	10⅛	2¾-3¼	6½-6⅞	6.21875	15¼-16⅝	11.30	13⅞-14⅛
One month	5.75-5.90	10⅛-10⅝	5⅛-5⅜	6½-7	6.21875	14⅞-15¼	9⅞-10⅛	13⅜-13⅝
Two months	5.85-6.00	10⅛-10⅝	—	—	—	—	—	13¼-13⅛
Three months	6.00-6.15	10⅛-10⅝	5⅜-5⅝	6⅞-7	6.34375	15⅛-16½	10-10¼	13⅛-13⅜
Six months	6.10-6.25	10⅛-10⅜	—	6⅞-7	—	—	10⅛-10⅝	13-13¼
Lombard	6.0	—	—	—	—	—	—	—
Interverv ention	—	10½	—	6⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Apr. 11 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	12¾-15	13	13-13½	13-14	—	—	—	—	—
2 days notice	—	—	13-13⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅞-13¼	13-13⅛	13⅛-13⅜	12⅞-13	—	—	—	—	—
One month	13-12⅞	13-13⅛	13	13¼	12¾	12¾	12⅝	12¾	12⅝	13⅛
Two months	12⅞-12¾	12⅞-13	—	13¼	12⅝	12½	12⅝	12½	12¾	13¼
Three months	12$\frac{11}{16}$-12⅝	12¾-13	12¾	13¼	12½	12¼	12	12¼	12-12⅛	12⅞
Six months	12$\frac{11}{16}$-12⅝	12⅝-12⅝	12½	—	—	—	—	11⅞-11⅝	11½	12$\frac{7}{16}$
Nine months	12⅛-12$\frac{1}{16}$	12⅛-12¼	—	—	—	—	—	—	—	—
One year	11⅞-11¾	12-12$\frac{1}{16}$	12⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13¾-13⅝	—	13	8.5-8.6	8½-8⅞	9½-9½
Two months	13⅛-13⅛	—	13	8.6-8.7	8⅞-8⅞	9⅜-9⅞
Three months	13⅛-13⅛	—	12⅞	8.7-8.8	8⅞-8⅞	9½-9⅞
Six months	12¾-12⅝	—	12½	9.0-9.1	8¾-9	10-10⅛
Nine months	12¾-12⅝	—	12⅛	9.4-9.5	—	—
One year	12⅝-12¼	—	12⅛	9.7-9.8	9⅛-9⅜	10⅛-10¼
Two years	—	12	—	—	—	—
Three years	—	11⅞	—	—	—	—
Four years	—	11¾	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period March 6 to April 2 (inclusive): 13.818 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 13-13½ per cent. London Deposit Rates for sums at seven days' notice 7.17-17.50 per cent (net). Treasury Bills: Average tender rates of discount 12.3401 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13¼ per cent; one-three months 13 per cent; three-six months 12⅞ per cent; six-nine months 12⅝ per cent; nine-12 months 12 per cent. Under £100,000 11½ per cent from April 12. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9.50
Fed funds	8¾
Fed funds at intervention	8¾

Treasury Bills

One month	7.66
Two month	7.70
Three month	8.02
Six month	8.29

Treasury Bonds

One year	8.45
Two year	101½
Three year	99$\frac{25}{32}$
Four year	101$\frac{11}{32}$
Five year	101$\frac{7}{32}$
Seven year	102⅛
10 year	99¾
30 year	98$\frac{25}{32}$

FT LONDON INTERBANK FIXING

(11.00 a.m. April 11)

Three months U.S. dollars

bid 8 15/16 | offer 9 1/16

Six months U.S. dollars

bid 9 5/16 | offer 9 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 10, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of April 10 at 11.00 a.m.
3 months: 9$\frac{1}{16}$ 6 months: 9$\frac{7}{16}$

ECU=$US.709953 SDR1=$US.98249
Sibor as of April 10 at 11.00 a.m.
3 months: 9$\frac{1}{16}$ 6 months: 9$\frac{7}{16}$

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	8.3679
Algeria	Dinar	5.119
Andorra	Fr. Franc	9.605
	Sp. Peseta	175.40
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	362.64
Australia	Dollar	1.497
Austria	Schilling	22.11
Azores	Port. Escudo	175.75
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is	Sp. Peseta	175.40
Bangladesh	Taka	26.50
Barbados	Dollar	2.0113
Belgium	Franc (o)	63.355
	Franc (f)	63.695
Belize	Dollar	2.00
Benin	C.F.A. Franc	480.25
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	12.66
Bolivia	Peso (7)	45,000
	Peso (f)	135,000
Botswana	Pula (9)	1.7778
Brazil	Cruzeiro (o)	4570.00
Brunei	Dollar	2.2342
Bulgaria	Lev	1.056
Burkina Faso	C.F.A. Franc	480.25
Burma	Kyat	8.6601
Burundi	Franc	124.886
Cameroun Rp	C.F.A. Franc	480.25
Canada	Dollar	1.3727
Canary Is	Sp. Peseta	175.40
Cape Verde Is	Escudo	89.2698
Cayman Is	Dollar	0.835
Cen. Africa Rep.	C.F.A. Franc	480.25
Chad	C.F.A. Franc	480.25
Chile	Peso (o) (3)	147.32
China	Renminbi Yuan	2.845
Colombia	Peso (o)	127.52
Comoros	C.F.A. Franc	480.25
Congo Ppls Rep. of	C.F.A. Franc	480.25
Costa Rica	Colon	49.00
Cuba	Peso	0.9311
Cyprus	Pound*	1.5526
Czechoslovakia	Koruna (o)	7.20
Denmark	Krone	11.2525
Djibouti Rp. of	Franc	185.783
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
	Peso (d)	3.34
Ecuador	Sucre (o,c)	67.18
	Sucre (d)	117.00
	Sucre (f)	95.75
Egypt	Pound	0.83
	Pound (c)	1.30
El Salvador	Colon	2.50
	Colon (d)	5.00
Eq'tl Guinea	C.F.A.Franc (4)	480.25
Ethiopia	Birr (o)	2.034
Faeroe Is	Dan. Krone	11.2525
Falkland Is	Pound*	1.207
Fiji	Dollar	1.1939
Finland	Markka	6.5585
France	Franc	9.605
Fr. C'ty in Af	C.F.A. Franc	480.25
Fr. Guiana	Franc	9.605
Fr. Pac. Is	C.F.P. Franc	174.636
Gabon	C.F.A. Franc	480.25
Gambia	Dalasi	4.1425
Germany (E)	Ostmark (o)	3.146
Germany (W)	Mark	3.146
Ghana	Cedi	50.00
Gibraltar	Pound*	1.207
Greece	Drachma	136.57
Greenland	Dan. Krone	11.2525

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	9.605
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, i)	2.02
Guinea Bissau	Peso	147.323
Guinea Rep.	Syli	25.1252
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.55
Hong Kong	Dollar	7.789
Hungary	Forint	51.2952
Iceland	Krona	41.33
India	Rupee	12.66
Indonesia	Rupiah	1106.00
Iran	Rial (o)	93.945
Iraq	Dinar	0.3109
Irish Rep	Punt*	0.995
Israel	Shekel	901.50
Italy	Lira	2004.00
Ivory Coast	C.F.A. Franc	40.025
Jamaica	Dollar (o) (5)	5.48
Japan	*Yen*	*254.52*
Jordan	Dinar	0.3947
Kampuchea	Riel	n.a.
Kenya	Shilling	15.5503
Kiribati	Aust. Dollar	1.497
Korea (Nth)	Won	0.94
Korea (Sth)	Won	859.70
Kuwait	Dinar	0.3021
Lao P'pls D. Rep	Kip	35.00
Lebanon	Pound	17.65
Lesotho	Maloti	1.9841
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.664
Luxembourg	Lux. Franc	63.355
Macao	Pataca	8.1071
Madagascar D. R.	*Franc*	*660.056*
Madeira	Port. Escudo	175.75
Malawi	Kwacha	1.7963
Malaysia	Ringgit	2.5195
Maldive Is	Rufiyaa (o)	3.93
	Rufiyaa (m)	7.05
Mali Rp	C.F.A. Franc	480.25
Malta	Lira*	2.0661
Martinique	Franc	9.605
Mauritania	Ouguiya	67.16
Mauritius	Rupee	16.00
Mexico	Peso (d)	228.20
	Peso (o)	210.79
Miquelon	Fr. Franc	9.605
Monaco	Fr. Franc	9.605
Mongolia	Tugrik (o)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	9.70
Mozambique	Metica	43.7635
Namibia	S. A. Rand	1.9841
Nauru Is	Aust. Dollar	1.497
Nepal	Rupee	18.30
Netherlands	Guilder	3.5535
Neth Ant'les	Guilder	1.80
New Zealand	Dollar	2.2198
Nicaragua	Cordoba	10.00
	Cordoba (d)	600.00
Niger Rp	C.F.A Franc	480.25
Nigeria	Naira	0.8817
Norway	Krone	9.0575
Oman Sultanate fo	Rial	0.3456
Pakistan	Rupee	15.081
Panama	Balboa	1.00
Papua N.G.	Kina	1.0604

COUNTRY	CURRENCY	VALUE OF DOLLAR
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	460.00
Peru	Sol (o)	8506.22
Philippines	Peso	18.38
Pitcairn Is	N.Z. Dollar	2.2198
Poland	Zloty (O) (3)	137.87
Portugal	Escudo	175.75
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	9.605
Romania	Leu (o)	4.52
Rwanda	Franc	104.541
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.207
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr. Franc	9.605
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	2.207
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	2004.00
Sao Tome & Principe DR	Dobra	46.0565
Saudi Arabia	*Riyal*	3.61
Senegal	C.F.A. Franc	480.25
Seychelles	Rupee	7.3634
Sierra Leone	Leone (2)	6.00
Singapore	Dollar	2.2342
Solomon Is	Dollar	1.4094
Somali Rep	Shilling (6)	36.50
South Africa	Rand	1.9841
Spain	Peseta	175.40
Span Ports in N. Africa	Sp. Peseta	175.40
Sri Lanka	Rupee	27.03
Sudan Rep	Pound (10)	2.50
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.9841
Sweden	Krona	9.1025
Switzerland	*Franc*	2.664
Syria	Pound (o)	3.925
Taiwan	Dollar (o)	39.55
Tanzania	Shilling	17.65
Thailand	Baht	27.60
Togo Rep	C.F.A. Franc	480.25
Tonga Is	Pa'anga	1.497
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.8718
Turkey	Lira	502.67
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.497
Uganda	Shilling	585.29
United Arab Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.207
Uruguay	Peso (m)	91.68
USSR	Rouble	0.908
Vanuatu	Vatu	102.393
Vatican	Lira	2004.00
Venezuela	Bolivar (g)	7.50
	Bolivar (g) (1)	4.30
	Bolivar (o)	12.59
	Bolivar (d)	13.06
Vietnam	Dong (o)	10.5638
Virgin Is. British	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	7.35
Yemen PDR	Dinar	0.3425
Yugoslavia	Dinar	256.18
Zaire Rep.	Zaire	41.134
Zambia	Kwacha	2.337
Zimbabwe	Dollar	1.5664

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket Interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Sierra Leone: Feb 22. Official devaluation of 58.33%. (3) Chile: February 26. Peso devalued by 9%. (4) Equatorial Guinea: December 31, currency joins Franc zone. (5) Jamaica: November 8. Rate adjustment fixed by Central Bank bi-weekly auction. (6) Somalia: January 8, official devaluation of 29%. (7) Bolivia: February 9, official devaluation of approximately 81%. (8) Malawi: April 2, official devaluation of approximately 15%. For further information please contact your local branch of the Bank of America.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 11.

OVER-THE-COUNTER

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Indices

NEW YORK

CAPITAL MARKETS

Eurodollar market revives in wake of Wall Street rally

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THE FLOODGATES opened in the Eurodollar bond market yesterday as four new fixed rate issues, totalling $475m, were launched in the wake of a rally on Wall Street.

The new issues – $150m apiece for Australia's Victoria Public Authority Finance and Ralston Purina, the U.S. food product company, as well as a $100m bond for Ford Motor Credit – were regarded as aggressively priced on launch. But a surge in the secondary market helped, and by the end of the day all were trading well within their fees.

Yesterday evening, Drexel Burnham Capital also launched a $75m, five-year 11¾ per cent issue at par backed by a surety bond issued by Aetna, the U.S. insurance group. Drexel is leading the issue itself alongside Bankers Trust, Banque Paribas, First Chicago, Samuel Montagu and UBS (Securities).

Bankers had detected signs of a revival in investor demand for dollar issues on Wednesday after a warning by Mr Paul Volcker, the U.S. Federal Reserve Board chairman, of a possible slowdown in the economy. An unexpected fall of 1.9 per cent in March retail sales announced in the early European afternoon sent Eurobonds sharply higher, however, and by the end of the day secondary market prices were showing gains of between ½ and 1 point.

Some lead managers now argue, that worries about a possible further fall in the dollar are fading following its recent sharp falls, prompting renewed interest in dollar bonds. Others maintain that the market is still very selective and patchy, with investors doing no more than reinvesting income in a market that has seen few issues for several weeks.

What is clear from yesterday's developments, however, is that there is a large pent-up demand from borrowers waiting to launch new issues, and more paper could be on sale today, depending how the market reacts to the new U.S. money supply figures.

Ralston's issue is a 10-year, 11¾ per cent bond priced at 99¾ per cent by Goldman Sachs, which is leading the deal alongside Citicorp, Credit Suisse First Boston, IBJ International, Salomon Brothers and UBS (Securities). Ford Motor Credit's bond also bears an 11¾ per cent coupon but has a seven-year maturity and a par issue price. It is led by CSFB, Banque Nationale de Paris and Algemene Bank Nederland.

The most popular of the first three was, however, the Victoria issue, which is only the third Eurobond to be launched by an Australian state agency following last year's changes in the regulations allowing these bodies to borrow in the market. Led by Deutsche Bank with Bank of America and Morgan Stanley, it is a seven year 11⅝ per cent deal priced at 99½ per cent. Late yesterday it was trading at a discount of just 1⅛ points, within its total fees of 1⅞.

New issue activity was also intense in the floating rate note sector, which saw a total of $600m in new paper including a "mismatch" issue of $200m for the French Crédit Industriel et Commercial bank group. The 12-year issue, led by CSFB, bears interest at the six-month London interbank bid rate for Eurodollar deposits with the coupon refixed monthly so that investors can profit from the yield curve. Unlike some similar issues, however, this one offers investors protection against the yield curve turning flat or even negative. If that happens, the coupon will be locked for six months at the mean of the bid and offered rate for six month deposits.

By contrast, another of yesterday's borrowers, Banco di Roma, was trying to reserve yield curve benefits for itself. It offered a $150m, seven-year issue paying interest at 10 basis points over the one month offered rate for Eurodollar deposits. As the bank will use the proceeds to fund lending over longer rollover periods, is should profit from a positive curve, though it will pay interest at six-month Libor if that exceeds the original coupon. Lead managers are Morgan Guaranty and Banco di Roma.

Finally, Chase Manhattan launched a $250m, 15-year conventional issue bearing interest at a margin of 1/16 over three-month Libor, led by Chase Manhattan, CSFB and Lehman Brothers.

The Inter-American Development Bank took advantage of the stronger pound to launch a £100m, 10 year 11¾ per cent Eurobond at 99¼ through S. G. Warburg and Baring Brothers. The issue is divided into a £75m initial tranche and a £25m tap and there will be a registered option for UK investors to buy the paper.

Swiss and German issues were slightly firmer. Today should see the launch of a new calendar of German bonds, probably covering the rest of the month, after which the Bundesbank is expected to open the primary market to foreign banks.

Japanese banks could, however, be excluded from the market initially while reciprocity problems in Tokyo are ironed out. The new calendar, expected to be for at least DM 1bn, is likely to be the last under the current rigid queuing system.

Other new issues yesterday included a $40m, 10-year issue for Nippon Sheet Glass led by Daiwa Europe and bearing an indicated 3 per cent coupon and 5 per cent conversion premium, while Chrysler Financial came to the Ecu sector for Ecu 75m over eight years at 10⅛ per cent and a par issue price. Its bond is led by Société Générale and European Banking.

BHF Bank bond average		
April 11 101.344		Previous 101.200
High 102.860	1985	Low 99.840

WEEKLY U.S. BOND YIELDS (%)

	Apr 10	Apr 3	1985 High	1985 Low
Composite Corp. AA	12.17	12.33	14.23	11.93
Government:				
Long-term	11.53	11.69	13.69	11.19
Intermediate	11.50	11.66	13.79	11.12
Short-term	10.46	10.48	13.22	10.03
Municipal	n/a	9.68	11.14	9.52
Industrials AAA	11.76	11.76	13.66	11.44
Industrials AA	12.22	12.31	14.13	11.88
Utilities AA	12.71	12.34	14.45	12.01
Preferred Stocks	13.79	10.84	12.17	10.77

Source: Standard & Poor's